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**Prospectus Supplement**



**Base Prospectus**

**You should rely only on the information we have provided or incorporated by reference in this prospectus supplement, the accompanying base prospectus or any related free writing prospectus we prepare or authorize. Neither we nor the Selling Stockholders have authorized any person to provide you with additional or different information. We take no responsibility for, and can provide no assurance to the reliability of, any other information that others may give you. This prospectus supplement and the accompanying base prospectus are an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. You should not assume that the information contained in this prospectus supplement, the accompanying base prospectus or any related free writing prospectus is accurate as of any date other than the dates shown in such documents or that any information we have incorporated by reference herein is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.**

## ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of shares of FWONK by the Selling Stockholders and also adds, updates and changes information contained in the accompanying base prospectus and the documents incorporated herein by reference. The second part is the accompanying base prospectus, which gives more general information, some of which may not apply to this offering of shares of FWONK. Generally, when we refer only to the "prospectus," we are referring to both this prospectus supplement and the accompanying base prospectus combined. If the information relating to the offering varies between this prospectus supplement and the accompanying base prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference into this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus to the eus ểũs ent.

- our indebtedness could adversely affect operations and could limit the ability of our subsidiaries to react to changes in the economy or our industry;
- failure to protect the security of personal information about our businesses' customers, subjecting our businesses to potentially costly government enforcement actions or private litigation and reputational damage;
- capital spending for the acquisition and/or development of telecommunications networks and services;
- the impact of AT&T's agreement to acquire Time Warner (as defined herein) on our 2.25% Exchangeable Senior Debentures due 2046;
- the regulatory and competitive environment of the industries in which we, and the entities in which we have interests, operate; and
- natural catastrophes, threatened terrorist attacks, political unrest in international markets and ongoing military action around the world.

For additional risk factors, please see "Risk Factors" below and in the accompanying base prospectus, and in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this prospectus supplement 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 "Risk Factors" and other cautionary statements contained in this prospectus supplement and the accompanying base prospectus and in the documents incorporated by reference herein and therein. Such risk factors and statements describe circumstances which could cause actual results to differ materially from those contained in any forward-looking statement.

## PROSPECTUS SUPPLEMENT SUMMARY

*The following summary highlights selected information included or incorporated by reference in this prospectus to help you understand our Company, shares of FWONK and this offering. This summary is not complete and does not contain all the information you should consider before investing in shares of FWONK. For a more complete understanding of our Company, shares of FWONK and this offering, we encourage you to read this entire document, including the accompanying base prospectus, and the information incorporated by reference herein, including the financial statements of the Company and the notes thereto. All references to the "**Company**," "**Liberty Media**," "**we**," "**our**" and "**us**" and words of similar effect refer to Liberty Media Corporation, and, unless the context otherwise requires, its consolidated subsidiaries.*

## OUR COMPANY

### Our Capital Structure

Under our current amended and restated certificate of incorporation (our " **current charter**"), our common stock is comprised of three tracking stocks, with each tracking stock divided into three series. Our tracking stocks, which are designated the Liberty SiriusXM common stock, the Liberty Braves common stock and the Liberty Formula One common stock, are intended to track and reflect the separate economic performance of the businesses, assets and liabilities attributed to the SiriusXM Group, the Braves Group and the Formula One Group, respectively. While each group has a separate collection of businesses, assets and liabilities attributed to it, none of these groups is a separate legal entity and therefore cannot own assets, issue securities or enter into legally binding agreements. Hence, holders of our Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock have no direct claim to the relevant group's assets, and are not represented by a separate board of directors. Instead, holders of those stocks are stockholders of Liberty Media Corporation, with a single board of directors and subject to all of the risks and liabilities of Liberty Media as a whole.

At a special meeting of stockholders of the Company held on January 17, 2017, our stockholders approved the adoption of an amendment and restatement of our then-existing charter (1) to change the name of the "Media Group" to the "Formula One Group," (2) to change the name of the "Liberty Media common stock" to the "Liberty Formula One common stock," (3) to reclassify each share of each series of our then-existing Liberty Media common stock into one share of the corresponding series of Liberty Formula One common stock solely to effect the name change and (4) to make certain conforming changes (the "**group name change**"). The current charter was filed with the Secretary of State of the State of Delaware on January 24, 2017, and gave effect to the group name change.

The Liberty SiriusXM common stock tracks and reflects the separate economic performance of the businesses, assets and liabilities attributed to the SiriusXM Group, which includes, among other things, Liberty Media's approximate 67.5% interest in Sirius XM as of March 31, 2017. The Liberty Braves common stock tracks and reflects the separate economic performance of the businesses, assets and liabilities attributed to the Braves Group, which includes, among other things, Liberty Media's wholly owned [illegible]

2017, Liberty Media's minority investments in Time Warner, Inc. ("**Time Warner**") and Viacom, Inc. ("**Viacom**"), and its 15.5% inter-group interest in the Braves Group as of March 31, 2017.

**[illegible]**

We own controlling and non-controlling interests in a broad range of media, communications and entertainment companies. Through our subsidiaries and affiliates, we principally operate in North America. Our principal businesses and assets include our consolidated subsidiaries SIRIUS [illegible] of the group of companies that exploit exclusive commercial rights pertaining to the Fédération Internationale de l'Automobile (" **FIA**") Formula One World Championship® (the "**World Championship**") (such companies, together with Delta Topco, " **Formula 1**"), other than a nominal number of equity securities held by the Teams (as defined below). The World Championship is an annual, approximately nine-month long, motor race-based competition in which teams (the "**Teams**") compete for the Constructors' Championship and drivers compete for the Drivers' Championship. The World Championship is a global series with a varying number of events ("**Events**") taking place in different countries around the world each season. During 2016, 21 Events took place in 21 countries across Europe, Asia-Pacific, the Middle East and North and South America. Formula 1 is followed by hundreds of millions of television viewers in over 200 territories, and Formula 1's largest Events have hosted live audiences of up to 350,000 on race weekends, such as the British Grand Prix at the Silverstone circuit and the Mexican Grand Prix at the Autódromo Hermanos Rodríguez. We do not provide guidance on our future results of operations. There are risks and uncertainties that may affect our financial position and future results of operations, including during the implementation of the strategy described in the accompanying prospectus and in the Appendix to this prospectus supplement. See "Risk Factors" in this prospectus supplement as well as those risks described in the information included or incorporated by reference, including the risk factors described in Item 1A ("Risk Factors") of Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 filed with the Securities and Exchange Commission on February 28, 2017, together with the matters addressed in the sections of this prospectus supplement and the accompanying base prospectus entitled "Cautionary Note Regarding Forward-Looking Statements." For additional information about Formula 1, please see "The Company — Description of the Business of Formula 1" in the accompanying base prospectus and "Appendix: Business and Financial Information of Formula 1" to this prospectus supplement.

Our consolidated subsidiary Delta Topco is attributed to our Formula One Group.

*Live Nation.* We beneficially owned approximately 34% of the issued and outstanding shares of Live Nation common stock as of March 31, 2017. Live Nation is considered the world's largest live entertainment company and seeks to innovate and enhance the live entertainment experience for artists and fans before, during and after the show. Live Nation has four business segments: concerts; sponsorship and advertising; ticketing and artist nation.

Our equity affiliate Live Nation is attributed to our Formula One Group.

*Time Warner.* As of March 31, 2017, we beneficially owned 4,252,831 shares of Time Warner common stock, representing less than 1% of the outstanding common stock of Time Warner. Of the shares we beneficially own, 464,323 have been pledged as collateral to secure obligations of certain subsidiaries of Braves Holdings pursuant to credit facilities entered into by those subsidiaries to fund certain costs of the Development Project.

Our shares of Time Warner common stock are attributed to our Formula One Group.

**Corporate Information**

Our principal executive offices are located at 12300 Liberty Boulevard, Englewood, Colorado 80112. Our main telephone number is (720) 875-5400. Our website is available at http://www.libertymedia.com. Information on our website or any other website is not incorporated by reference herein and does not constitute a part of this prospectus supplement.

**THE OFFERINGuan Ď Þ**

### SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF LIBERTY MEDIA

The following tables set forth our historical balance sheet data as of March 31, 2017 and December 31, 2016, 2015, 2014, 2013 and 2012, and our historical statement of operations for the three months ended March 31, 2017 and 2016 and for each of the years in the five-year period ended December 31, 2016. The following information is qualified in its entirety by, and should be read in conjunction with, our audited financial statements and notes of ژ خه

interest. The gain on the transaction was excluded from taxable income. Net gains and losses on transactions are included in the Other, net line item in the accompanying Liberty Media consolidated financial statements for the years ended December 31, 2016, 2015 and 2014.

In May 2013, Liberty Media acquired approximately 26.9 million shares of common stock and approximately 1.1 million warrants in Charter for approximately $2.6 billion, which represented an approximate 27% beneficial ownership in Charter at the time of purchase.

On November 4, 2014, Liberty Media completed the spin-off of Liberty Broadband Corporation (the "**Broadband Spin-Off**"). At the time of the Broadband Spin-Off, Liberty Broadband was comprised of, among other things, (i) Liberty Media's former interest in Charter Communications, Inc. ("**Charter**"), (ii) Liberty Media's former wholly-owned subsidiary TruePosition, Inc. ("**TruePosition**") (now known as Skyhook Holding, Inc. ("**Skyhook**")), (iii) Liberty Media's former minority equity investment in Time Warner Cable, Inc. ("**Time Warner Cable**"), (iv) certain deferred tax liabilities, as well as liabilities related to Time Warner Cable call options and (v) initial indebtedness, pursuant to margin loans entered into prior to the completion of the Broadband Spin-Off. Liberty Media's former investments in and results of Charter and Time Warner Cable are no longer included in the results of Liberty Media from the date of the completion of the Broadband Spin-Off forward. Based on the relative significance of Skyhook to Liberty Media, Liberty Media concluded that discontinued operations presentation of Skyhook was not necessary.

In January 2013, the entity then known as Liberty Media Corporation (which later became known as Starz before it was acquired by Lions Gate Entertainment Corp.) spun-off (the "**Starz Spin-Off**") its then-former wholly-owned subsidiary, now known as Liberty Media Corporation, which, at the time of the Starz Spin-Off, held all of the businesses, assets and liabilities of Starz not associated with Starz, LLC (with the exception of the Starz, LLC office building). The transaction was effected as a pro-rata dividend of shares of Liberty to the stockholders of Starz. Due to the relative significance of Liberty to Starz (the legal spinnor) and senior management's continued involvement with Liberty following the Starz Spin-Off, Liberty is treated as the "accounting successor" to Starz for financial reporting purposes, notwithstanding the legal form of the Starz Spin-Off previously described. Therefore, the historical financial statements of the company formerly known as Liberty Media Corporation continue to be the historical financial statements of Liberty, and Starz, LLC is presented as discontinued operations for all periods prior to the completion of the Starz Spin-Off. Due to the short period between December 31, 2012 and the distribution date, Liberty Media did not record any results for Starz in discontinued operations for the statement of operations for the year ended December 31, 2013 due to the insignificance of such amounts for that period.

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

On April 15, 2016, Liberty Media completed a recapitalization of its 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, and distributed subscription rights related to the Liberty Braves common stock following the creation of the new tracking stocks (the "**Recapitalization**") [illegible]
Recapitalization, each issued and outstanding share of Liberty Media's existing common stock was reclassified and [illegible]

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On September 7, 2016 Liberty Media, through its indirect wholly owned subsidiary Liberty GR Cayman Acquisition Company, entered into two definitive stock purchase agreements relating to the acquisition of Delta Topco from a consortium of sellers led by CVC Capital Partners ("**CVC**"). The transactions contemplated by the first purchase agreement were completed on September 7, 2016 and provided for Liberty Media's acquisition of slightly less than a 20% minority stake in Formula 1 on an undiluted basis for $746 million, funded entirely in cash (which is equal to $821 million in consideration less a $75 million discount to be repaid by Liberty Media to selling stockholders upon completion of the acquisition). On October 27, 2016, under the terms of the first purchase agreement, Liberty acquired an additional incremental equity interest of Delta Topco, ma$^{3}$T 1r

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## SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF DELTA TOPCO

The following tables present Delta Topco selected consolidated financial statement information for the periods indicated and has been derived from Delta Topco's consolidated financial statements prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. The financial data for the years ended December 31, 2016 and 2015 has been derived from Delta Topco's audited consolidated financial statements for that period included elsewhere in this registration statement. Data for the year ended December 31, 2014 has been derived from unaudited information. The data should be read in conjunction with Delta Topco's consolidated financial statements and "Appendix: Business and Financial Information of Formula 1 — Management's Discussion and Analysis of Financial Condition and Results of Operations for the Years Ended December 31, 2016, 2015 and 2014" included herein.

### Summary Balance Sheet Data

| | December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| | | | (unaudited) |
| | amounts in millions | | |
| Cash | $ 624 | 452 | 424 |
| Intangible assets not subject to amortization | $ 4,039 | 4,039 | 4,039 |
| Intangible assets subject to amortization, net | $ 149 | 165 | 181 |
| Deferred tax assets, net | $ — | 6 | 6 |
| Total assets | $ 5,586 | 5,396 | 5,463 |
| Current portion of deferred revenue | $ 271 | 219 | 214 |
| Long-term debt, including the current portion and shareholder loan notes | $ 9,007 | 8,483 | 8,091 |
| Deferred tax liabilities, net | $ 1 | — | — |
| Stockholders' equity | $ (4,220) | [redacted]) | (3,285) |

### Summary Income Statement Data

and that of Liberty Media following the acquisition may not be consistent with, or evident from, the unaudited pro forma condensed consolidated financial statements included in this prospectus supplement. In addition, the assumptions and preliminary estimates used in preparing the unaudited pro forma condensed consolidated financial statements included in this prospectus supplement may not be realized and may be affected by a variety of factors outside of the control of Liberty Media and Formula 1.

***Formula 1 (as well as Liberty's strategic vision for it) 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. In connection with the Second Closing, Liberty hired new members of management for the Formula 1 team. The recently appointed Chairman and Chief Executive Officer, Chase Carey, has a wealth of experience over many decades in the media sector. Ross Brawn and Sean Bratches have also recently joined the Formula 1 management team as Managing Directors of Motor Sports and Commercial Operations, respectively, and bring to Formula 1 valuable experience in their respective fields. Formula 1 also benefits from the long standing tenure of its Chief Financial Officer Duncan Llowarch ǎasi l mowarcce inn fi rsa u t lh ǎ

## USE OF PROCEEDS

The Selling Stockholders will receive all of the net proceeds from the sale of their shares of FWONK. We will not receive any proceeds from the sale of shares of FWONK by the Selling Stockholders in this offering. See "Selling Stockholders." We are, however, responsible for expenses incident to the registration under the Securities Act of 1933, as amended (the "**Securities Act**"), of the offer and sale of the shares of FWONK by the Selling Stockholders. One of the Selling Stockholders is an affiliate of one of the underwriters in this offering and will receive proceeds from this offering in an amount that is equal to less than five percent of the aggregate proceeds of this offering.

stock continue to trade on the Nasdaq Global Select Market and the Series B Liberty Formula One common stock continues to be quoted on the OTC Markets. Although the Second Closing, and the corresponding tracking stock name and the ticker symbol change, were not completed until January 23 and January 24, 2017, respectively, historical information of the Media Group and Liberty Media common stock is referred to herein as the Formula One Group and Liberty Formula One common stock, respectively.

Our Series C Liberty Formula One common stock (formerly named Series C Liberty Media common stock) is listed on the Nasdaq under the symbol "FWONK." The following table sets forth, for the calendar quarters indicated, the range of high and low ated

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## SELLING STOCKHOLDERS

This prospectus supplement and the accompanying base prospectus relate in part to the offer and sale by the Selling Stockholders of 12,500,000 shares of FWONK, which constitute shares of FWONK issued to the Selling Stockholders at the Second Closing of the Formula 1 Acquisition. The shares of FWONK offered pursuant to this prospectus supplement and the accompanying base prospectus were issued to the Selling Stockholders in transactions that were exempt from the registration requirements of the Securities Act. See "The Company — Description of the Formula 1 Acquisition" in the base prospectus for additional information regarding the Formula 1 Acquisition.

In connection with the closing of the Formula 1 Acquisition, we entered into the Shareholders Agreement with the Formula 1 Selling Shareholders. Pursuant to the Shareholders Agreement, we agreed to file the registration statement of which this prospectus supplement and the accompanying base prospectus form a part covering the resale of the shares of FWONK offered by the Selling Stockholders. See "— The Shareholders Agreement" for additional information regarding the Shareholders Agreement.

In the table below, the percentages of outstanding shares of FWONK held by each Selling Stockholder prior to and after this offering are based on 186,836,381 shares of FWONK issued and outstanding as of May 31, 2017 and assumes that the Selling Stockholders sell the full number of additional shares as to which they have granted the underwriters an option to purchase, as described under "Underwriting." The number of shares offered by the Selling Stockholders may be increased or decreased depending upon various factors, including market conditions.

| Name | Number of shares of FWONK beneficially owned prior to offering | Number of shares of FWONK that may be sold in offering** | Number of shares of FWONK beneficially owned after the offering | Percentage of outstanding shares of FWONK prior to the offering*** | Percentage of outstanding shares of FWONK after the offering*** |
|---|---|---|---|---|---|
| Bernard Ecclestone[1] | 634,622 | 116,342 | 518,280 | * | * |
| Ian Holmes[2] | | | | | |

***[redacted] Acquisition***

[redacted]es of FWONK to which this prospectus supplement and accompanying base prospectus relate are comprised in part of shares of FWONK issued [redacted]ockholders in the Formula 1 Acquisition. Such shares of FWONK constituted a portion of the purchase price payable to the Formula 1 Selling [redacted] exchange for 100% of the fully-diluted equity interests in Delta Topco (other than a nominal number of equity securities held by the Teams).

[redacted] Company — Description of the Formula 1 Acquisition" in the base prospectus and "Appendix: Business and Financial Information of Formula 1" [redacted]us supplement for additional information.

***[redacted]ers Agreement***

[redacted]tion with the closing of the Formula 1 Acquisition, we entered into the Shareholders Agreement. Pursuant to the Shareholders AgreementSAe Shn

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gross proceeds of approximately $1.026 billion. In connection with, and to permit the Selling Stockholders to complete, the sale of the shares offered hereby, we have agr

## UNDERWRITING

The Selling Stockholders are offering the shares of common stock described in this prospectus supplement. Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC are acting as underwriters. We and the Selling Stockholders have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, the Selling Stockholders have severally agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus supplement, the number of shares of [illegible]

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exchangeable or exercisable for shares of FWONK, whether owned at the date of such lock-up agreement or thereafter acquired by such person or entity or with respect to which such person or entity had or thereafter acquires the power of disposition, or publicly announce an intention to do any of the foregoing (other than as required by applicable law), or exercise any right with respect to the registration of any of the foregoing, or file or cause to be filed any registration [illegible]

***Notice to Prospective Investors in Bermuda***

Shares of FWONK may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

***Notice to Prospective Investors in the British Virgin Islands***

The shares of FWONK may be offered to persons located in the British Virgin Islands who are "qualified investors" for the purposes of the Securities Investment Business Act 2010 ("**SIBA**"). Qualified investors include (i) certain entities which are regulated by the Financial Services Commission in the British Virgin Islands, including banks, insurance companies, licensees under SIBA and public, professional and private mutual funds; (ii) a company, any securities of which are listed on a recognised exchange; and (iii) persons defined as "professional investors" under SIBA, which is any person (a) whose ordinary business involves, whether for that person's own account or the account of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of the property of the Company; or (b) who has signed a declaration that he, whether individually or jointly with his spouse, has net worth in excess of US$1,000,000 and that he consents to being treated as a professional investor.

***Notice to Prospective Investors in Canada***

The shares of FWONK may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares of FWONK must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement and the accompanying base prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

***Notice to Prospective Investors in China***

This prospectus supplement and the accompanying base prospectus do not constitute a public offer of shares, whether by sale or subscription, in the People's Republic of China (the "**PRC**"). The shares of FWONK are not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC.

Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the shares of FWONK or any beneficial interest therein without obtaining all prior PRC's governmental

after that corporation or that trust has acquired shares of FWONK pursuant to an offer made under Section 275 except:

(1) to an institutional in)r tor or to a rele)ynt percon defined in Section 275(2) of the SK or to anc percon arisi2 f roman offer referre:

## APPENDIX: BUSINESS AND FINANCIAL INFORMATION OF FORMULA 1

### BUSINESS

#### Summary

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 driverswerswexc خم ,

**Financial Profile**

For the year ended December 31, 2016, Formula 1 recorded total revenue of $1.8 billion, Adjusted OIBDA of $439 million and cash provided by operating activities of $428 million. For the year ended December 31, 2015, Formula 1 recorded total revenue of $1.7 billion, Adjusted OIBDA of $462 million and cash provided by operating activities of $492 million.

**Sources of Revenue**

Formula 1 derives the majority of its revenue from race promotion, broadcasting and advertising and sponsorship arrangements. A significant majority of the race promotion, broadcasting and advertising and sponsorship contracts specify payments in advance and annual increases in the fees payable over the course of the contracts.

**Race Promotion**

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 five to seven years and often include an option, exercisable by Formula 1, to extend the contract for up to an additional five years. For established Events, the duration of the contract is more variable according to lefiv evt i ven1tess.

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**Advertising and Sponsorship**

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. Separately, the Teams sell sponsorship rights primarily in the form of logo displays on cars, equipment and driver and Team uniforms, although Formula 1 does not derive any revenue from such sales. Formula 1's revenue from advertising and sponsorship contracts in 2016, 2015 and 2014 represented 14.6%, 14.4% and 15.3%, respectively, of total revenue.

**[illegible]**

Formula 1 also generates revenue 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 direct operation of the F2 and GP3 series which are owned by Formula 1 or from the licensing of other third party series or individual race events), various television production and post-production activities, and other Formula 1 ancillary operations. Formula 1's revenue from these other sources in 2016, 2015 and 2014 represented 16.4%, 18.0% and 19.3%, respectively, of its total revenue, and in each year includes approximately 5%-7% generated from the Teams' purchase of services from Formula 1.

[illegible]

***Team Agreements***

As discussed above, Formula 1 and each of the Teams have entered into separate Team Agreements that establish a Prize Fund, establish procedures for setting the World Championship calendar, give the Teams the right to nominate and, in some cases, appoint directors to Delta Topco's board, and provide for certain termination rights.

The Team Agreements establish the Prize Fund to be paid to the Teams that is funded with a certain percentage of Formula 1's Prize Fund Adjusted EBITDA plus additional amounts that Formula 1 expects to range from $120 million to $175 million. The majority of the Prize Fund is paid to individual Teams based on their results in prior Constructors' Championships, and the balance paid to Teams that have achieved certain milestones based on Formula 1's principles and measures of performance. Independent auditors perform certain agreed-upon procedures to provide a report to the Teams on the calculation, and allocation thereof, of all Team payments under the Prize Fund. See "Appendix: Business and Financial Information of Formula One — Management's Discussion and Analysis of Financial Condition and Results of Operations for the Years Ended December 31, 2016, 2015 and 2014 — Cost of Formula 1 Revenue" for additional description of the factors for determining the Prize Fund payments.

Under the Team Agreements, the consent of a majority of certain Teams is required if there are more than 20 Events in a season or more than 17 Events are held in a season and the number of Events that are held outside Europe, the US or Canada exceeds 60% or more of the total number of Events in that season.

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

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

- Formula 1 is unable to pay its debts when they become due;
- Formula 1 fails for three months to pay an aggregate amount due in excess of $10 million to the Team;
- with respect to the longest standing Team (currently Ferrari), Formula 1 experiences a change in control and, in the second or third fiscal year after the change in control, the Prize Fund Adjusted EBITDA is less than 75% of the Prize Fund Adjusted EBITDA in the fiscal year immediately preceding the change in control; or
- a controlling interest holder of Formula 1 is subject to sanctions imposed by the U.S. Office of Foreign Assets Control or is on the Financial Sanctions List in the United Kingdom.

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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 the Events, including the rights to sell trackside and "official supplier" advertising and title sponsorship, a space in which to operate the Paddock Club (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.

**Competition**

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.

**Regulatory Matters — Competition Laws**

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 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 beCttttĎp ğ.ihe FI .busmeandarkrmsl connged n 19aliabeatie a fore er gleart rtnts reing sita bu5teret is Co 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

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counterparties, are for multi-year terms, have built in annual fee escalators and require payment in advance. Additionally, Formula 1's primary revenue is spread over a large number of contracts with staggered expiration dates such that renewals occur on a rolling basis and are not overly concentrated in any one year. Historically, Formula 1's primary revenue has been largely contracted at the start of any year, and those contracts have generally translated into actual revenue by year end. The majority of Formula 1's contracts are denominated in US Dollars, but Formula 1 also has a small number of contracts denominated in foreign currencies.

The fees received from race promoters under multi-year contracts that typically have an initial term of five to seven years and often include an option, exercisable by Formula 1, to extend the contract for up to an additional five years, are for a fixed amount per Event and are not typically tied to the race promoter's own income levels. For established Events, the duration of the contract is more variable according to l [illegible]

Advertising and sponsorship revenue is driven by change, and growth, in the World Championship calendar, the ability to tailor custom advertising and sponsorship packages to meet clients' objectives and prevailing macroeconomic conditions. Ch es during 2s in sea. Ad Formula 1e increase016 as cocar,to 19 in

Primary Formula 1 revenue increased $111 million during 2016 as compared to 2015, primarily as a result of increased promotion fees driven by additions to the race calendar, with 21 events taking place in 2016 compared to 19 in 2015. Additionally, broadcast revenue increased as a result of several positive contractual renewals and other contractual increases in season-based fees, partially offset by certain 5increa si offset bvesorsd othertis

**Cost of Formula 1 revenue**

Cost of Formula 1 revenue consists of Team payments and Other costs of Formula 1 revenue. Cost of Formula 1 revenue increased $116 million and $9 million during the years ended December 31, 2016 and 2015, respectively, as co opportunities. Other costs include annual FIA regulatory fees, advertising and sponsorship commissions and those incurred in the provision and sale of freight, travel and logistical services, F2 and GP3 cars, parts and maintenance services, television production and post-production services, advertising production services and digital and social media activities. These costs are largely variable in nature and relate directly to revenue opportunities.

Other costs of Formula 1 revenue increased by $34 million during the year ended December 31, 2016 as compared to 2015. The increase in other costs of Formula 1 revenue during 2016 was primarily due to a $19 million increase in other event costs, driven by a $7 million credit in 2015 arising from the recovery of previously expensed one-time support costs ces, Stein ot c i otale bstsands,

**Selling, general and administrative expense**

Selling, general and administrative expenses include personnel costs, legal, professional and other advisory fees, bad debt expense, rental expense, IT costs, non-Event-related travel costs, insurance premiums, maintenance and utility costs and other general office administration costs.

Selling, general and administrative expenses increased $6 million during the year ended December 31, 2016 as compared to 2015. The increase in selling, general and administrative expense during 2016 was driven by approximately $11 million of advisory and other costs incurred primarily in connection with Liberty's acquisition of Formula 1 and a $6 million increase in foreign exchange losses, the majority of which arose from translating Formula 1's GBP denominated cash and other assets following the UK's EU referendum vote on June 23, 2016. These increases were partially offset by an $8 million decrease in the allowance for doubtful accounts and $3 million of lower personnel and other net overhead costs.

Selling, general and administrative expenses increased $1 million during the year ended December 31, 2015 as compared to 2014. The increase in selling, general and administrative expense during 2015 was due to $10 million in higher provisions for doubtful accounts, which was partially offset by $4 million in lower personnel costs, $3 million savings in legal, advisory and other professional fees and $2 million of other overhead savings, driven by the impact of weaker foreign exchange rates on the translation of largely GBP denominated costs.

*Adjusted OIBDA*

Formula 1's Adjusted OIBDA decreased $23 million and $15 million for the years ended December 31, 2016 and 2015, respectively as compared to the corresponding prior years. The change in Adjusted OIBDA was the result of the above-described fluctuations in revenue, cost of sales and selling, general and administrative expenses (excluding stock-based compensation).

*Stock-based compensation expense*

Stock-based compensation expense is related to costs arising from the Delta Topco Option Scheme. During the years ended December 31, 2016 and 2015, stock-based compensation expense decreased $3 million and increased $22 million, respectively, as compared to the corresponding prior years. While vesting charges significantly decreased in 2016 as compared to 2015, as awards under the plan had largely vested by the end of 2015, overall stock-based compensation expense only decreased $3 million during 2016 due to the recognition of costs associated with additional cash awards granted to plan members to align their interests with

# INDEX TO FINANCIAL STATEMENTS

Financial Statements of Delta Topco Limited and Subsidiaries

**Report of Independent Auditors**

**The Board of Directors**
**Delta Topco Limited**

We have audited the accompanying consolidated financial statements of Delta Topco Limited and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation and maintenance of internal control rele[illegible]

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the a[illegible]

**Delta Topco Limited and Subsidiaries**

**Consolidated Statement of Financial Position as at 31 December**

The notes on pages F-11 to F-70 form an integral part of these financial statements.

**Delta Topco Limited and Subsidiaries**

**Consolidated Statement of Financial Position as at 31 December**

The notes on pages F-11 to F-70 form an integral part of these financial statements.

**Delta Topco Limited and Subsidiaries**

**Consolidated Statement of Cash Flows for the Year Ended 31 December (Continued)**

| | Note | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| | | Audited $ 000 | Audited $ 000 | Unaudited $ 000 |
| **Cash flows from financing activities** | | | | |
| Interest paid | 11 | (262,078) | (274,190) | (229,893) |
| Proceeds from bank borrowing draw downs | | — | — | 2,000,000 |
| Repayment of bank borrowing | | — | — | (1,010,914) |
| Finance fees on refinancing activities | | — | — | (103,579) |
| Repayment of other borrowing | | — | — | (332,000) |
| Dividends paid | 29 | — | (196,578) | (795,674) |
| Net cash flows from financing activities | | (262,078) | (470,768) | (472,060) |
| Net increase in cash and cash equivalents | | 172,040 | 21,048 | (27,197) |
| Cash and cash equivalents at 1 January | | 452,428 | 424,191 | 443,639 |
| Effect of exchange rate fluctuations on cash held | | (63) | 7,189 | 7,749 |
| Cash and cash equivalents at 31 December | | 624,405 | 452,428 | 424,191 |

The notes on pages F-11 to F-70 form an integral part of these financial statements.

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**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

## 3 Going concern (Continued)

Following the Liberty transaction, the group's net current asset position continues to include a significant cash balance, which was $624.4m at 31 December 2016. The group also has access to currently undrawn material revolving credit facilities under its external borrowing arrangements, and thus the directors anticipate being able to settle all payables as they fall due.

The directors have satisfied themselves that the group is in a sound financial position. It has access to sufficient financial resources and it can be reasonably expected that those financial resources will be made available to the group in order to meet their foreseeable cash requirements and to service their existing banking arrangements and other commitments.

The directors therefore consider that the group has adequate financial resources to enable it to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the consolidated financial statements.

## 4 Accounting policies

### Statement of compliance

The group financial statements have been prepared in accordance with IFRS.

### 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.

### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding sales tax.

### *Revenue recognition criteria*

The specific recognition criteria descrio

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**4 Accounting policies (Continued)**

from the sale of tickets to the Formula One Paddock Club™ event-based hospitality, various TV production and post-production activities, and revenue from other licensing of the Formula One brand. To the extent revenues relate to services provided or rights associated with a specific event, they are also recognised on occurrence of the related event. Otherwise, other revenues are recognised when general recognition criteria are satisfied.

**Finance income**

Income is recognised as interest accrues using the effective interest rate ("EIR") method; 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 income statement 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 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.

Deferred tax is recognised on temporary differences aris5y `rer ooi ntend to tTaincogy estime fs and liabilities ol is he ycial asset usy ob co t yĎu®ia gy estime t s el

**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**4 Accounting policies (Continued)**

amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset, being either cost of sales or administrative expenses.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

**Goodwill**

Business combinations have been accounted for using the acquisition method. Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the statement of financial position as goodwill and is not amortised. To the extent that the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised immediately in the income statement.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. The carrying amount of goodwill allocated to a cash-generating unit ("CGU") is taken into account when determining the gain or loss on disposal of the unit, or of an operation within it.

For the purpose of impairment testing, goodwill is allocated to the related CGU's monitored by management. Where the recoverable amount of the CGU is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement.

**Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

| Asset class | Amortisation method and rate |
|---|---|
| Customer and supplier relationships | over 20 years on a straight-line basis |
| Website traffic | over 20 years on a straight-line basis |

Investments

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

**Impairment of non-financial assets**

The group assesses at each reporting date whether there is an indication that an asset such as goodwill or another intangible may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash

**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**4 Accounting policies (Continued)**

inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. The group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared seYpaisή accloo suye i, anisdyeaai1beasatalcualcul acoune basoune ul ua dune

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**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**4 Accounting policies (Continued)**

The subsequent measurement of financial assets depends on their classification as described below:

*Loans and other receivables*

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. 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 [illegible]

**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**4 Accounting policies (Continued)**

characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Int[illegible] cash flows for the purpose [illegible] losce

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**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**5 Changes in accounting policy (Continued)**

collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the group expects that these will continue to be measured at amortised cost under IFRS 9. However, the group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The group expects some negative impact on its equity due to the unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

The group does not expect to use hedge accounting under IFRS 9.

***IFRS 15 Revenue from Contracts with Customers***

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

***IFRS 16 Leases***

IFRS 16 was issued in January 2016 and establishes a single lease accounting model for lessee accounting where all leases, barring some minor exceptions for short term and low value leases, will be brought onto the Statement of Financial Position. The dual lease accounting model will remain for lessor accounting, which will remain largely in line with IAS 17. The new leasing standard is applicable to all entities and will supersede all current leasing requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2019 with early adoption permitted if IFRS 15 Revenue from Contracts with Customers is also adopted. The group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

**6 Judgements and key sources of estimation uncertainty**

The preparation of consolidated 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.

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**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**7 Revenue (Continued)**

from media rights, race promotion fees and advertising and sponsorship sales. Services rendered includes income generated from the sale of premium event hospitality, freight and travel services, and television production and post-production activities.

The group is exempt from the requirements of IFRS 8 to disclose segmental information.

**8 Other gains and losses**

The analysis of the group's other gains and losses for the year is as follows:

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**10 Reconciliation of non-GAAP measures (Continued)**

The specific items excluded from operating profit to measure Adjusted EBITDA include depreciation and amortisation charges, amortisation charges for historic contractual payments which were fully cash settled in past periods, stock-based compensation expenses of the Delta Topco Option Scheme, exceptional and advisory costs related to the group's ownership or capital structure.

Those items have been identified in the notes 10 (a), (b) and (c) below which address the calculation of Adjusted Cost of Sales, Selling, General, and Administrative Expenses and Adjusted EBITDA, and reconcile the measures back to cost of sales, administrative expenses and operating profit.

*Adjusted TSB*

In addition to holding shares the group's shareholders also own an equivalent proportion of shareholder loan notes (see note 26). Therefore, when analysing the group's results and their impact on shareholders it is necessary to consider returns on their combined holding of both shares and loan notes, and so in order to facilitate such an analysis the group utilises a performance measure called Adjusted Total Shareholder Benefit ("Adjusted TSB").

Adjusted TSB represents the group's cash net income, and is derived by deducting depreciation, income taxes and Net External Finance Costs from the Adjusted EBITDA measure, which in turn has already eliminated certain specific items and other non-cash items which impact the group's financial performance, as explained above. This provides a basis to assess the aggregate performance of the group as Adjusted TSB is economically comparable to "total earnings" adjusted to reflect the group's capital structure and the various non-cash charges (see note 10 (d)).

*Net External Finance Costs*

The notes also include disclosure of other specific non-cash items related to the group's financing arrangements which are excluded from the measurement of Net External Finance Costs, which is another non-GAAP measure used by the group and other stakeholders to assess its ability to continue to service its debt obligations. The measure excludes movements in mark-to-market values of derivatives and the separately disclosed non-cash PIK interest on the group's shareholder loan notes as shown in note 10 (e).

*Cash Flow Available for Debt Service*

The group analyses cash flow using a measure known as Cash Flow Available for Debt Service. This measures the group's performance in generating s k rou

**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**10 Reconciliation of non-GAAP measures (Continued)**

***(a) Adjusted Cost of Sales***

Adjusted Cost of Sales is defined as cost of sales adjusted for the specific items included within cost of sales as discussed above. This measure is non-GAAP in nature and the table below reconciles it to cost of sales.

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**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**10 Reconciliation of non-GAAP measures (Continued)**

***(f) Cash Flow Available for Debt Service***

Cash Flow Available for Debt Service is defined as cash flows from operating activities less capital expenditure. The measure is non-GAAP in nature and the table below reconciles it to items on the face of the Consolidated Statement of Cash Flows.

***(g) External Loans***

External Loans is defined as bank borrowings adjusted for the capitalised finance fees. The measure is non-GAAP in nature and the table below reconciles it to items on the face of the Consolidated Statement of Financial Position.

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**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**13 Directors' remuneration (Continued)**

The group made contributions to money purchase pension schemes on behalf of one of the executive directors (2015-2; 2014-2).

The highest paid director received aggregate emoluments during the period of $4,541,801 (2015-$1,642,575; 2014-$1,645F44 Ď lį l l

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**17 Intangible assets**

The table below shows the carrying value of individual intangible assets as at 31 December 2016:

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**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**17 Intangible assets (Continued)**

These represent the lowest levels within the group at which goodwill is monitored for internal management purposes.

***Alpha, Beta and Omega CGUs***

In each case the recoverable amount of the Alpha CGU, the Beta CGU and the Omega CGU has been assessed with reference to the value in use ("VIU") basis. As in each case the VIU has resulted in a value that is higher than the carrying amount of the relevant CGU, no assessment of the fair value less costs to sell is required, and no impairment is considered to have arisen.

| | Alpha | Beta | Omega | Total |
|---|---|---|---|---|
| | $ 000 | $ 000 | $ 000 | $ 000 |
| Carrying value at 31 December 2016 and 31 December 2015 | 2,879,845 | 1,102,373 | 56,678 | 4,038,896 |

***Key assumptions used in value in use calculations***

In all cases the calculation of VIU is most sensitive to three key assumptions being (i) the EBITDA forecasts used, (ii) the growth rate used to extrapolate cash flows beyond the relevant forecast period and (iii) the discount rates applied.

The forecasts for the Alpha and Beta CGUs project EBITDA out to 2026. Though this represents a period five years longer than the five year period recommended, management considers the forecast period reasonable given the nature of the business and the significant level of revenue already under contract for those years. For the Omega CGU the directors consider the EBITDA forecasts used in the VIU calculations for the five year period 2017-2021 in line with the guidance in the relevant accounting standard, and likewise represent a prudent estimate of future results based on past experience and expected future revenue from current contracts. Post 2026 for the Alpha and Beta CGUs, and post 2021 for the Omega CGU, management have applied the long-term average growth rate in the United Kingdom of 2.25% to each of the CGUs, which management considers to be appropriate, although conservative, based on the group's historic experience and the global nature of its business activities.

Discount rates apply management's estimate of weighted average cost of capital ("WACC") of each CGU, as these are considered to be the most appropriate discount rate for the VIU calculation. The rates applying to the relevant periods are:

| | Alpha % | Beta % | Omega % |
|---|---|---|---|
| WACC as at 31 December 2016 | 8.41 | 8.41 | 7.18 |
| WACC as at 31 December 2015 | 7.88 | 7.88 | 6.93 |

***Sensitivity to changes in assumptions***

The directors have not identified any change or reasonable alternative assumptions which if applied to the VIU calculation would result in the carrying amount of any of the CGUs exceeding their recoverable amounts.

**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

## 18 Investments

### 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):

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**Delta Topco Limited**

**Delta Topco Limited and Subsidiaries**

**Notes to the**

**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**26 Loans and borrowings**

| | 2016 | 2015 |
|---|---|---|
| | $ 000 | $ 000 |
| **Non-current loans and borrowings** | | |
| Bank borrowings | 4,135,820 | 4,135,570 |
| Shareholder loan notes | 350,639 | 4,349,283 |
| | 4,486,459 | 8,484,853 |

| | 2016 | 2015 |
|---|---|---|
| | $ 000 | $ 000 |
| **Current loans and borrowings** | | |
| Bank borrowings | (936) | (1,604) |
| Shareholder loan notes | 4,521,770 | — |
| | 4,520,834 | (1,604) |

***Bank loans***

Prior to a refinancing to amend and extend the loans after the balance sheet date (see note 37), the group had Senior Loan facilities maturing 30 July 2021; which when raised totalled $3,143.9m, and a Second Lien facility of $1,000.0m maturing 29 July 2022. The Senior Loans continued to incur interest at LIBOR + 3.75% with a LIBOR floor on USD denominated debt at 1%, with the Second lien incurring interest at LIBOR + 6.75%, also subject to a LIBOR floor of 1%.

During 2016 no repayments of loan principal were made (2015 — $Nil).

At 31 December 2016 a balance of $4,143.2m remained outstanding on the loans (2015 — $4,144.5m) together with accrued interest of $0.7m (2015 — $Nil). $9.0m of capitalised finance fees remained as yet unamortised (2015 — $10.6m), such that the total net bank borrowings at 31 December 2016 were reported at $4,134.9m (2015 — $4,134.0m). The facilities are secured by share pledges, bank accounts security and floating charges over the main operating companies of the group with cross guarantees as appropriate.

The balance on current loans and borrowings represents settlement of accrued interest due within one year less the amortisation of capitalised finance fees over the next year. As at both 31 December 2016 and 2015, there were no repayments of bank borrowings due within one year.

***Shareholder loan notes***

Shareholder loans represent Payment In Kind ("PIK") loan notes issued by the company to shareholders in proportion to the relevant equity holdings of each shareholder. Interest accrued on the balance of the notes at an annual compound rate of 10% payable on 31 December each year, until the loans were capitalised or exchanged prior to the Liberty transaction (see note 37).

Under the terms of the shareholder loan notes, to the extent that they were not otherwise redeemed or repurchased they were to be redeemed on 24 November 2060 together with any accrued and unpaid interest. No payments could be made under the shareholder loan notes for as long as any amounts were owed under the group's bank and private high yield loans unless

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**Delta Topco Limited and Subsidiar**

**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

### 29 Dividends

During 2016 no dividends were declared or paid (2015 — $196.6m; 2014 — $795.7m).

### 30 Obligations under leases and hire purchase contracts

### Operating leases

The group has entered into various commercial leases for the use of technical, IT and TV production equipment, a commercial vehicle fleet and office premises. These leases have an average life of between three and five years. There are no restrictions placed upon the group by entering into these leases.

The total future value of minimum lease payments is as follows:

### 31 Commitments

### Capital commitments

Capital commitments are amounts contracted but not provided for in these financial statements, in relation to items of property, plant and equipment. The total amount contracted but not provided for in the financial statements was $223,788 (2015-$157,517).

### Other financial commitments

In order to optimise cash flow the group enters into consignment stock ar

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**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**32 Delta Topco Option Scheme (Continued)**

directors and the group's other senior managers (the "Participants"), with the group and its shareholders through the award of rights and options over instruments issued by the company, so entitling them to a share in the future growth of the group as a whole.

The collective grant of elements of the Option Scheme to each Participant is defined as an "Award."

**Awards granted**

Following the establishment of the Option Scheme, Awards were made to the initial Participants on 20 June 2008. Participants were initially granted both an interest in Shares ("Manager Shares") and an option to acquire an interest in the company's Loan Notes ("Manager Loan Note Options").

The company initially issued 90,716,794 Manager Shares to the Participants at a price payable of $0.01 per share. The company also granted options over $398,824,163 loan notes to the Participants. The grant price and exercise price under the options were both set at $0.000001 per $1 loan note.

On 27 April 2012, the terms of the Option Scheme were amended, with some of the previously granted Manager Loan Note Options replaced by an option to acquire an additional interest in the company's Shares ("Manager Share Options"). 316,974,683 Manager Share Options were granted by the company at an [illegible] issued Manager Loan Note Options.

The company granted further Awards to new and existing Participants during 2012 in the form of Manager Share Options over a further 22,635,000 Shares to Relevant Participants and $30,861,918 of Manager Loan Note Options to Participants. The Manager Share Options were granted at a price of between $Nil and $0.04, and with an exercise price of between $Nil and $0.01 per Manager Share Option. The Manager Loan Note Options were granted at a [illegible]

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**32 Delta Topco Option Scheme (Continued)**

Following the exercise of rights under the Option Scheme during 2013 by Participants with UK based service contracts, an element of the accrued UK national insurance contribution liability totalling $6.1m was paid.

On 26 March 2014 the company offered to repay a proportion of the principal and accrued and unpaid interest on shareholder loan note instruments. Participants were offered the opportunity to participate in this repurchase by exercising sufficient Manager Loan Note Options. As a result certain Participants elected to exercise 5,558,694 Manager Loan Note Options on 26 March 2014 and others exercised rights over 11,976,192 Manager Loan Note Options on 11 April 2014. Following the shareholder loan note and interest repayments, the benefits accruing to the Participants were transferred to escrow to be released in accordance with the terms of the Option Scheme noted above.

Following the exercise of rights under the Option Scheme during 2014 by Participants with UK based service contracts, an element of the accrued UK national insurance contribution liability totalling $2.0m was paid.

No rights were exercised in 2015.

On 27 October 2016, as a result of the first stage of the Liberty acquisition (see note 37), which saw Participants able to exercise rights under the plan, Participants elected to exercise 108,811,183 Manager Share Options and 55,249,337 Manager Loan Note Options. Following the exercise of these options an

**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**32 Delta Topco Option Scheme (Continued)**

corresponding provision carried on the balance sheet (see note

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**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**32 Delta Topco Option Scheme (Continued)**

**Unexercised Awards outstanding**

As at 31 December 2016, 183,832,843 (2015-292,644,026; 2014-292,644,026) Manager Share Opti92,644,026; 6; 692

**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**33 Financial instruments (Continued)**

***Financial assets at fair value through profit or loss***

***Derivatives***

**Financial liabilities**

***Financial liabilities at amortised cost***

***Derivative financial liabilities at fair value through profit and loss***

**Valuation methods and assumptions**

***Loans and receivables***

Loans and receivables are carried at amortised cost, in accordance with the accounting policy. The carrying value might be affected by changes in credit risk of the counterparties.

[illegible]

**33 Financial instruments (Continued)**

are considered to approximate their carrying amounts largely due to the short-term maturities of these instruments.

**Foreign exchange forward contracts and options and interest rate swaps**

Financial assets and liabilities at fair value through profit or loss represent those foreign exchange forward contracts and options that are used to manage foreign currency risk arising from expected sales and purchases, and those interest rate swaps used to reduce the level of floating rate interest risk on loans and borrowings.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are foreign exchange forward contracts and options and interest rate swaps. The most frequently applied valuation techniques include forward pricing models and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

*Level 1:* quoted (unadjusted) prices in active markets for identical assets or liabilities;

*Level 2:* other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

*Level 3:* techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at both 31 December 2016 and 31 December 2015 the group held foreign exchange forward contracts and interest rate swaps carried at fair value in the balance sheet, with fair values being determined by applying level 2 of the hierarchy.

***Financial liabilities at amortised cost***

The fair value of each financial liability is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Trade payables and other current liabilities approximate to their carrying amounts largely due to their short-term maturities;
- The fair value of loans from banks and other financial liabilities, as well as other non-current financial liabilities, is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

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**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**34 Financial risk management and impairment of financial assets (Continued)**

**Past due and impaired financial assets**

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**34 Financial risk management and impairment of financial assets (Continued)**

The group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's operating activities (when revenue or expense is denominated in a different currency from the group's functional currency) and the group's net investments in foreign subsidiaries.

***Sensitivity analysis***

The following analysis demonstrates the sensitivity to a reasonably possible change in the GBP and EUR exchange rate, with all other variables held constant, of the group's loss before tax (due to changes in the value of financial assets and liabilities including foreign currency derivatives). The group's exposure to foreign currency changes for all other currencies is not material.

The impact on loss before tax of a 10% strengthening or weakening of the US dollar against the Euro (assuming a year end closing rate of 1 Euro=1.0541 U.S. Dollars) is projected a maximum increase or decrease of $6.2m (2015-increase or decrease of $2.6m), with a resulting equivalent impact on equity.

The impact on loss before tax of a 10% strengthening or weakening of the US dollar against GBP (assuming a year end closing rate of 1 GBP=1.2312 US Dollars) is projected a maximum increase or decrease of $5.2m (2015-increase or decrease of $5.5m), with a resulting equivalent impact on equity.

The movement on the loss before tax and equity is a result of a change in the fair value of derivative financial instruments not designated in a hedging relationship and monetary assets and liabilities denominated in GBP or EUR, where the functional currency of the company is a currency other than GBP or EUR. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

**Interest rate risk**

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Table

**Delta Topco Limited and Subsidiaries**

**Notes to the FinancialRc T**

**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**35 Related party transactions (Continued)**

Options held by directors did not have an expiry date and all have an exercise price of $0.000001 (2015-$0.000001; 2014-$0.000001). The number of Manager Share Options held by directors who were Participants in the Option scheme, and which were outstanding at each year end were:

**Summary of transactions with other related parties**

Other related parties include:

- Companies controlled by Mr B C Ecclestone, who was until 23 January 2017 a director of the company
- Companies controlled by close family members of Mr B C Ecclestone
- Close family members of Mr B C Ecclestone
- Companies related to funds managed and/or advised by CVC Capital Partners SICAV — FIS S. A., its subsidiaries or affiliates (see note 36)
- Companies within the Liberty Media Corporation Group (see note 36)

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**Delt**

**Delta Topco Limited and Subsidiaries**

**Notes to the Financial Statements for the Year Ended 31 December 2016 (Continued)**

**37 Non adjusting events after the financial period (Continued)**

**Transaction costs**

The Liberty acquisition process resulted in the group incurring significant one-off advisory, professional, arrangement and lender consent fees related to the transactions. As at 31 December 2016 the group had accrued $9.0m of costs incurred to date, which have been treated in the Income Statement as a specific item included within adminis

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### Introduction

The following unaudited pro forma consolidated financial information and related notes present the historical financial statements of Liberty Media Corporation ("Liberty Media") and Formula 1 as if the completion of Liberty Media's acquisition of Delta Topco, the holding company for the Formula 1 business, had previously occurred on the dates specified below. In addition, the unaudited pro forma consolidated financial data reflects borrowings under a new margin loan agreement and other adjustments related to the business combination as detailed in the notes hereto.

### Pro Forma Information

The unaudited pro forma financial information reflects the estimated aggregate consideration of approximately $4.7 billion for the acquisition of Formula 1, as calculated below (in millions):

| | |
|---|---|
| Cash[1] | $ 3,050 |
| Fair value of Series C Liberty Formula One Group tracking stock issued to sellers [2] | 1,61Ď ș s 5̈O } |
| | |

The unaudited pro forma financial information related to the Formula 1 business combination was prepared using the acquisition method of accounting and is based on the assumption that the business combination of Formula 1 took place as of December 31, 2016 for purposes of the unaudited pro forma balance sheet and as of January 1, 2016 for purposes of the unaudited pro forma consolidated statement of operations for the year ended December 31, 2016.

In accordance with the acquisition method of accounting, the actual consolidated financial statements of Liberty Media will reflect the Formula 1 business combination only from and after the date of the completion of the acquisition. Liberty Media is currently undertaking a detailed analysis of the fair value of Formula 1's assets and liabilities. The purchase price allocated related to the Formula 1 business combination is not yet finalized. Accordingly, the unaudited pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma consolidated financial information. Differences between these preliminary estimates and the final acquisition accounting may occur and these differences could be material. Additionally, the differences, if any, could have a material impact on the accompanying unaudited pro forma consolidated financial statements and Liberty Media's future results of operations and financial position.

The unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only and does not purport to represent what the results of operations o eults

**Liberty Media Corporation**
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**Pro Form**

**Liberty Media Corporation**

**Pro Forma Consolidated Statement of Operations**

**For the Year Ended December 31, 2016**

**(unaudited)**

## Notes to Unaudited Pro Forma Condensed Consolidated Financial Information

### (1) Basis of Pro Forma Presentation

The unaudited pro forma consolidated balance sheet as of December 31, 2016 and the unaudited pro forma consolidated statement of operations for the year ended December 31, 2016 are based on (i) the historical audited consolidated financial statements of Liberty Media Corporation ("Liberty Media" or "we") as of and for the year ended December 31, 2016 contained in Liberty Media's Annual Report on Form 10-K filed with the SEC on February 28, 2017 and (ii) the historical audited consolidated financial statements ofwertyandau

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**Notes to Unaudited Pro Forma Condensed Consolidated Financial Information (Continued)**

**(2) Formula 1 Financial Statements (Continued)**

would not have been amortized under US GAAP and has been restated to the unamortized balance in the condensed consolidated balance sheet.

Additionally, certain reclass adjustments have been made to conform the presentation of Formula 1's financial statements to the presentation of Liberty Media's financial statements, as follows:

*(b) FIA Agreements*

Formula 1 includes prepayments related to its right to acquire the commercial interests in the Championship from the Fédération Internationale de l'Automobile ("FIA") for the 100 year period beginning on January 1, 2011 in Other current assets and Other assets, depending on the timing of amortization of the prepaid contract rights. Upon acquisition by Liberty Media, these prepaid contract rights will be accounted for as an intangible asset at fair value and amortized straight-line over the remaining term of the contract. Accordingly, we reclassified the amount of the FIA agreement prepayments at December 31, 2016 from Other current assets and Other assets to Intangibles subject to amortization, net.

*(c) Depreciation and amortization expense*

Formula 1 includes the amortization of prepaid contract rights in Cost of Formula 1 revenue. The amortization of Formula 1 prepaid contract rights includes team payment amortization, FIA Championship rights amortization and other contractual rights amortization. In order to conform to Liberty Media's presentation, we reclassified amortization expense of $27 million for the year ended December 31, 2016 related to the amortization of these agreements during the period from Cost of Formula 1 revenue to the Depreciation and amortization expense line item.

Additionally, Formula 1 includes expense related to the depreciation of property and equipment and amortization of definite-lived intangible assets in Selling, general and administrative expense. In order to conform to Liberty Media's presentation, we reclassified depreciation and amortization expense of $18 million for the year ended December 31, 2016 from Selling, general and administrative expense to the Depreciation and amortization expense line item.

*(d) [illegible] Interest expense*

Formula 1 includes net gains (losses) on derivatives in Other income and Interest expense, respectively. In order to conform to Liberty Media's presentation, we reclassified net losses on derivatives of $10 million for the year ended December 31, 2016 from Interest expense and Other income to the Unrealized gains (losses) on financial instruments, net line item.

**(3) Pro forma adjustme[illegible]**

**Notes to Unaudited Pro Forma Condensed Consolidated Financial Information (Continued)**

**(3) Pro forma adjustments (Continued)**

*(e) Issuance of New Convertible Notes*

In connection with the transaction, Liberty Media issued $450 million convertible notes (the "New Convertible Notes") at an interest rate of 1% per annum. The Company incurred approximately $7 million of debt issuance costs in connection with the issuance of the New Convertible Notes. The conversion of the New Convertible Notes will be settled solely in cash, and not through the delivery of any securities. The Company accounts for the New Convertible Notes at fair value. The notes will mature on January 30, 2023 unless earlier repurchased by Liberty Media or converted. As previously discussed, Liberty Media used a portion of the net proceeds of the New Convertible Notes to fund an increase to the cash consideration payable to the selling shareholders of Formula 1 by approximately $400 million and retain in treasury the approximately 19 million shares that would otherwise have been issuable to the selling shareholders.

*(f) Formula 1 purchase price allocation*

As discussed above, the acquisition of Formula 1 was funded by a mix of cash on hand, newly issued shares of Series C Liberty Formula One Group tracking stock and a debt instrument exchangeable into shares of Series C Liberty Formula One Group tracking stock.

The following is a pro forma purchase price allocation as if the Formula 1 acquisition had occurred on December 31, 2016 (amounts in millions):

| | |
|---|---|
| Current assets | $ 862 |
| Property and equipment | 7 |
| Goodwill | 4,185 |
| Definite-lived intangible assets | 5,484 |
| Other assets | 130 |
| Deferred income tax liabilities | (1,012) |
| Current liabilities | (461) |
| Long-term debt | (4,528) |
| | $ 4,667 |

In the preliminary Formula 1 acquisition price allocation that is currently underway, we allocated a portion of the excess basis to the FIA Championship 100 year agreement definite lived intangible asset, which was historically accounted for as a prepaid asset by Formula 1. As a result, the application of purchase accounting resulted in a decrease to Formula 1's existing goodwill. Additionally, a $42 million purchase accounting adjustment was made to step up existing Formula 1 debt to fair value. Formula 1's amortizable intangible assets consist of customer relationships, which were acquired in May 2006 and the FIA Championship 100 year agreement, which was acquired in January 2011. The weighted average remaining useful life of these intangible assets is approximately 27.1 years as of December 31, 2016, resulting in incremental amortization expense of approximately $352 million for the year ended December 31, 2016.

The valuation related to the acquisition of a controlling interest in Formula 1 is not final, and the acquisition price allocation is preliminary and subject to revision. The primary areas of the acquisition price allocation that are not yet finalized are related to certain intangible assets, liabilities and tax balances.

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**Notes to Unaudited Pro Forma Condensed Con**

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**PROSPECTUS**

# LIBERTY M

## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we have filed with the Commission using a "shelf" registration process. Under this shelf registration process, we may sell, in one or more offerings from time to time, up to an aggregate of 15,000,000 shares of FWONK, and the Selling Stockholders may sell, in one or more offerings from time to time, up to an aggregate of 55,368,436 shares of FWONK, in each case, as described in this prospectus. This prospectus provides you with a general description of us and the securities offered under this prospectus.

Unless we inform you otherwise in a prospectus supplement, we intend to use the net proceeds we receive from our sale of shares of FWONK for general corporate purposes, as further described under the heading "*Use of Proceeds*." We will not receive any proceeds from the sale of shares of FWONK by the Selling Stockholders. The Selling Stockholders may sell their shares of FWONK through any means described below under the heading "*Plan of Distribution*."

At the time that any particular offering of shares of FWONK is made, to the extent required by the Securities Act, we and the Selling Stockholders will provide a prospectus supplement that will contain specific information about the terms of that offering. A prospectus supplement may add to, update or change information in this prospectus. If there is tisisisis Ifn his prospppppppppn in informatiIfn his vatus su re is tisisisis you othegede a

Grand Prix at the Silverstone circuit and the Mexican Grand Prix at the Autódromo Hermanos Rodríguez.

For additional information about Formula 1, please see Item 1 ("Business") of Part I of our Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated by reference herein.

Our consolidated subsidiary Delta Topco is attributed to our Formula One Group.

*Live Nation.* We beneficially owned approximately 34% of the issued and outstanding shares of Live Nation common stock as of March 31, 2017. Live Nation is considered the world's largest live entertainment company and seeks to innovate and enhance the live entertainment experience for artists and fans before, during and after the show. Live Nation has four business segments: concerts; sponsorship and advertising; ticketing and artist nation.

Our equity affiliate Live Nation is attributed to our Formula One Group.

*Time Warner.* As of March 31, 2017, we beneficially owned 4,252,831 shares of Time Warner common stock, representing less than 1% of the outstanding common stock of Time Warner. Of the shares we beneficially own, 464,323 have been pledged as collateral to secure obligations of certain subsidiaries of Braves Holdings pursuant to credit facilities entered into by those subsidiaries to fund certain costs of the Development Project.

Our shares of Time Warner common stock are attributed to our Formula One Group.

**Description of the Formula 1 Acquisition**

*The following describes certain material terms of, and documents and agreements related to, the Formula 1 Acquisition (as defined below). This summary is not complete and it is qualified in its entirety by reference to the Second SPA (as defined below), which is incorporated by reference as Exhibit 10.57 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and the documents and agreements that are incorporated herein by reference.*

On September 7, 2016, Liberty Media entered into two definitive stock purchase agreements relating to the purchase by our indirect wholly-owned subsidiary, Liberty GR Cayman Acquisition Company, a company registered in the Cayman Islands (the "**Buyer**"), of 100% of the fully diluted equity interests of Delta Topco, other than a nominal number of equity securities held by the Teams (the "**Formula 1 Acquisition**"). For the purposes of this prospectus, references to "**F1 Shares**" include outstanding ordinary shares in Delta Topco, and references to "**F1 Loan Notes**" include the 10% unsecured loan notes due November 24, 2060, issued by Delta Topco pursuant to an unsecured loan note instrument dated November 24, 2006, as amended and restated from time to time.

On September 7, 2016, Liberty Media, the Buyer, Formula 1 and certain selling shareholders of Formula 1 (the "**Initial Sellers**") entered into the first stock purchase agreement (the "**First SPA**"), pursuant to which the Buyer purchased 18.7% of the fully diluted F1 Shares and F1 Loan Notes from the Initial Sellers for an aggregate purchase price of approximately $746 million (the F1 Shares and the F1 Loan Notes purchased pursuant to the First SPA hereinafter referred to as the "**initial securities**"). The transactions contemplated by the First SPA were consummated on September 7, 2016, immediately following its execution and delivery (the "**First Closing**").

Pursuant to the First SPA, on October 27, 2016, the Buyer purchased additional F1 Shares and F1 Loan Notes (the "**additional securities**") from certain of the Initial Sellers to increase its ownership percentage in Formula 1 to approximately 19.1% of the fully diluted F1 Shares and F1 Loan Notes

The Second Closing was completed on January 23, 2017. The aggregate purchase price paid to the Selling Stoeg pr

Tickets are sold for the entire Event weekend or individual days. The race promoter is responsible for, among other things, obtaining the availability of an FIA sanctioned circuit, securing all necessary govehgovesveTheio eive fheg

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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, in exchange for a significant one-time fee of $313.6 million in 2001 and annual escalating regulatory fees to the FIA. 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. For 2016, Formula 1 paid the FIA an approximate $26.8 million cash regulatory fee.

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 Delta Topco, unless either the FIA previously approved the transaction or the transaction falls within one of a number of specified exceptions. Formula 1 obtained the FIA's approval of its acquisition by Liberty Media under the 100-Year Agreements.

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

***Current Concorde Arrangements***

From 1981 until 2012, successive Concorde Agreements governed the relationship between Formula 1, the FIA and the Teams, including the regulation of the World Championship. After the previous Concorde Agreement expired on December 31, 2012, Formula 1 entered into a separate binding 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 together provide the contractual framework for the World Championship that was previously set out in the Concorde Agreements. The Team Agreements and the 2013 Concorde Implementation Agreement are collectively referred to as the "**Current Concorde Arrangements**."

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

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of all equipment to be operated with a radio frequency. Permits are typically issued subject to conditions, wh i

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus and in the documents incorporated by reference herein constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, product and marketing strategies; new service offerings; revenue growth and subscriber trends at Sirius XM; the recoverability of our goodwill and other long-lived assets; the performance of our equity affiliates; our projected sources and uses of cash; Sirius XM's stock repurchase program; the anticipated non-material impact of certain contingent liabilities related to legal and tax proceedings; the integration of Delta Topco and by extension F usion l 8 k, g ions relat

- harmful interference our businesses' service may experience from new wireless operations;
- impairments by third-party intellectual property rights;
- our indí ,ıńtel

## USE OF PROCEEDS

Unless we inform you otherwise in a prospectus supplement, we intend to use the net proceeds from the sale of shares of FWONK offered by us pursuant to this prospectus for general corporate purposes. Any specific allocation of the net proceeds of an offering of shares of FWONK by us pursuant to this prospectus will be determined at the time of such offering and will be described in an accompanying prospectus supplement or free writing prospectus.

We will not receive any proceeds from the sale of shares of FWONK by the Selling Stockholders. The Selling Stockholders will receive all of the net proceeds from the sale of their shares of FWONK pursuant to this prospectus. See "*Selling Stockholders.*"

## DESCRIPTION OF CAPITAL STOCK

For a description of the shares of FWONK, please see the description of our capital stock contained in Amendment No. 1 to our Form 8-A filed under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), on January 24, 2017, and any amendment or report filed for the purpose of updating such description, which is incorporated by reference in this prospectus.

Exchangeable Notes held by such Noteholder for a number of fully paid shares of FWONK equal to the quotient of (i) the principal amount of the Exchangeable Notes to be so exchanged, plus accrued and unpaid in

**PLAN OF DISTRIBUTION**

We and the Selling Stockholders may sell the shares of FWONK covered by this prospectus using one or more of the following methods:

- underwriters in a public offering;
- "at the market offerings" to or through market makers or into an existing market for the securities;
- one or more block trades in which a broker-dealer will attempt to sell the shares of FWONK as agent, but may reposition and resell a portion of the block, as principal, in order to facilitate the transaction;
- purchases by a broker-dealer, as principal, and resale by the broker-dealer for its account;

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supplement or free writing prospectus, we intend to use the net proceeds we receive from our sale of shares of FWONK for general corporate purposes, as further described under the heading "*Use of Proceeds*." We will not receive any of the proceeds from the sale of shares of FWONK by the Selling Stockholders.

The Selling Stockholders and any underwriters, broker-dealers or agents that participate in the sale of their respective shares of FWONK may be deemed by the Commission to be "underwriters" within the meaning of Section 2(a)(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of the shares may therefore be underwriting discountsÑy thig of Secf derw ares m tents

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## LEGAL MATTERS

Certain legal matters with respect to the validity of the securities that may be sold pursuant to this prospectus will be passed upon for us by Baker Botts L.L.P., New York, New York.

## EXPERTS

The consolidated financial statements of Liberty Media CorporatilP.ĎGSer Bcil fi C Rw dCna Ď î

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## WHERE TO FIND MORE INFORMATION

We have filed with the Commission a registration statement on Form S-3 under the Securities Act with respect to the securities that may be sold using this prospectus. This prospectus, which forms a part of the registration statement, does not contain all the information included in the registration statement and the exhibits thereto. You should refer to the registration statement, including its exhibits and schedules, for further information about Liberty Media and the securities that may be sold pursuant to this prospectus.

The Commission allows us to "incorporate by reference" information into this document, which means that we can disclose important information to you by referring you to other documents. The information incorporated by reference is an important part of this prospectus, and is deemed to be part of this document except for any information superseded by this document or any other document incorporated by reference into this document. We incorporate by reference the following documents, previously filed with the Commission by us and any future filings made by us with the Commission under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering described herein (other than any report or portion thereof furnished or deemed furnished under any Current Report on Form 8-K):

- Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 28, 2017;
- Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017, filed on May 9, 2017;
- Current Report on Form 8-K (other than any portion thereof furnished or deemed furnished), filed on January 19, 2017 and May 16, 2017; and
- The description of our capital stock contained in Amendment No. 1 to our Form 8-A filed under the Exchange Act on January 24, 2017, and any amendment or report filed for the purpose of updating such description.

Any statement, including financial statements, contained in the filings (or portions of the filings) incorporated by reference in this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or any supplement or amendment to this prospectus modifies, conflicts with or supersedes such statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address or phone number:

Liberty Media Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112
Telephone: (720) 875-5400
Attention: Investor Relations

Our annual, quarterly and current reports and other information are on file with the Commission. You may read and copy any document that we file at the Public Reference Room of the Securities and Exchange Commission at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330. Our SEC filings are also available to the ailws Roth the ComnCows Rhs ble theAr hele hle

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12,500,000 Shares of
Series C Liberty Formula One Common Stock

**PROSPECTUS SUPPLEMENT**

**Goldman Sachs & Co. LLC** **J.P. Morgan** **Morgan Stanley**

July 5, 2017