# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, D. C. 20549**

# FORM 10-Q

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

**For the quarterly period ended September 30, 2016**

**OR**

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

**For the transition period from to**

**Commission File Number 001-35707**

# LIBERTY MEDIA CORPORATION

(Exact name of Registrant as specified in its charter)

| | |
|---|---|
| **State of Delaware** | **37-1699499** |
| (State or other jurisdiction of incorporation or organization) | (I. [illegible] |

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**Condensed Consolidated Balance Sheets**

**(unaudited)**

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**Notes to Condensed Consolidated Financial Statements (Continued)**

**(unaudited)**

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**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

**(unaudited)**

stock group, such as the Liberty SiriusXM Group or the Liberty Media Group. Holders of tracking stock are also not represented by separate boards of directors. Instead, holders of tracking stock are stockholders of the parent corporation, with a single board of directors and subject to all of the risks and liabilities of the parent corporation.

The Liberty SiriusXM common stock is intended to track and reflect the separate economic performance of the businesses, assets and liabilities attributed to the Liberty SiriusXM Group. Liberty attributed to the Liberty SiriusXM Group its subsidiary SIRIUS XM, corporate cash, and its margin loan obligation incurred by a wholly-owned special purpose subsidiary of Liberty. As of September 30, 2016, the Liberty SiriusXM Group has cash and cash equivalents of approximately $611 million, which includes $572 million of subsidiary cash. On October 26, 2016, SIRIUS XM'S board of directors declared the first quarterly dividend on SIRIUS XM common stock in the amount of $0.01 per share of common stock payable on November 30, 2016 to stockholders of record as of the close of business on November 9, 2016. SIRIUS XM'S board of directors expects that this dividend will be the first of regular quarterly dividends, in an aggregate amount of $0.04 per share of common stock per year.

The Liberty Braves common stock is intended to track and reflect the separate economic performance of the businesses, assets and liabilities attributed to the Liberty Braves Group. Liberty attributed to the Liberty Braves Group its subsidiary, Braves Holdings, LLC ("Braves Holdings"), which indirectly owns the Atlanta Braves Major League Baseball Club ("ANLBC") and certain assets and liabilities associated with ANLBC's stadium and mixed use development project (the "Development Project"), corporate cash and all liabilities arising under a note from Braves Holdings to Liberty, with a total capacity of up to $165 million of borrowings by Braves Holdings (the "Intergroup Note") relating to funds borrowed and used for investment in the Development Project. As previously discussed, $150 million was outstanding under the Intergroup Note that was repaid during June 2016 using proceeds from the subscription rights offering, and the Intergroup Note agreement was cancelled. The remaining proceeds were attributed to the Liberty Braves Group. As of September 30, 2016, the Liberty Braves Group has cash and cash equivalents of approximately $109 million, which includes subsidiary cash.

The Liberty Media common stock is intended to track and reflect the separate economic performance of the businesses, assets and liabilities attributed to the Liberty Media Group. Liberty attributed to the Liberty Media Group all of the businesses, assets and liabilities of Liberty other than those specifically attributed to the Liberty Braves Group or the Liberty SiriusXM Group, including Liberty's interests in Live Nation, minority equity investments in Time Warner, Inc. ("Time Warner") and Viacom, Inc. ("Viacom"), the recovery received in connection with the Vivendi lawsuit, cash as} p sl(s (k

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**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

**(unaudited)**

As of September 30, 2016, Liberty reserved 3.2 million, 13.5 million and 1.3 million shares of Series A and Series C common stock of Liberty Media, Liberty SiriusXM and Liberty Braves, respectively, for issuance under exercise privileges of outstanding stock Awards.

**SIRIUS XM - Stock-based Compensation**

SIRIUS XM granted various types of stock awards to its employees and members of its board of directors during the nine months ended September 30, 2016. As of September 30, 2016, SIRIUS XM has approximately 345 million options outstanding of which approximately 138 million are exercisable, each with a weighted-average exercise price per share of $3.47 and $2.80, respectively. The aggregate intrinsic value of SIRIUS XM options outstanding and exercisable as of September 30, 2016 is $244 million and $189 million, respectively. The stock-based compensation expense related to SIRIUS XM was $30 million and $41 million for the three months ended September 30, 2016 and 2015, respectively, and $78 million and $115 million for the nine months ended September 30, 2016 and 2015, respectively. As of September 30, 2016, the total unrecognized compensation cost related to unvested SIRIUS XM stock options and restricted stock units was $282 million. The SIRIUS XM unrecognized compensation cost will be recognized in the Company's condensed consolidated statements of operations over a weighted average period of approximately 2.7 years.

## (4) <u>Earnings Attributable to Liberty Media Corporation Stockholders Per Common Share</u>

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding ("WASO") for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented, including any necessary adjustments to earnings (loss) [illegible]

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

**(unaudited)**

(b) Derivatives are marked to market based on the trading price of underlying securities and other observable market data as the significant inputs (Level 2). During September 2014, Liberty entered into a forward contract to acquire up to 15.9 million shares of Live Nation common stock. Prior to the contract's original expiration during March 2015, the Company extended the contract through October 15, 2015 with the expiration to occur on the sixtieth day following the completion of the counterparty's initial hedge, which was November 27, 2015 and settlement occurred on December 2, 2015. The counterparty acquired the maximum number of Live Nation shares of common stock at a volume weighted average share price of $24.91 per share during September 2015. Liberty settled the contract for $396 million paid to the counterparty.

## (6) Investments in Available-for-Sale Securities and Other Cost Investments

All marketable equity and debt securities held by the Company are classified as available-for-sale ("AFS") and are carried at fair value generally based on quoted market prices. GAAP permits entities to choose to measure many financial instruments, such as AFS securities, and certain other items at fair value and to recognize the changes in fair value of such instruments in the entity's statement of operations (the "fair value option"). The Company previously entered into economic hedges for certain of its non-strategic AFS securities (although such instruments were not accounted for as fair value hedges by the Company). Changes in the fair value of these economic hedges were reflected in the Company's statement of operations as unrealized gains (losses). In order to better match the changes in fair value of the subject AFS securities and the changes in fair value of the corresponding economic hedges in the Company's financial statements, the Company elected the fair value option for those of its AFS securities which it considers to be non-strategic ("Fair Value Option S ci(ln stat ccordins Ṫ

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

**(unaudited)**

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

| | [illegible] | |
|---|---|---|

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

**(unaudited)**

second purchase agreement (and following the unwind of the first purchase agreement) upon the satisfaction of certain conditions described in more detail below. Prior to completion of the second closing, CVC will continue to be the controlling shareholder of Formula 1, and Liberty will not have any voting interests or board representation in Formula 1. As a result, we have concluded that we do not have significant influence over Formula 1, and therefore our investment in Formula 1 will be accounted for as a cost investment until the completion of the second closing, at which time we expect to consolidate Formula 1. The second closing is expected to occur in the first quarter of 2017.

The $8.0 billion transaction price for the acquisition represents an enterprise value for Formula 1 of approximately $8.0 billion and an equity value of approximately $4.4 billion, calculated at the time of the first closing. The consideration comprises cash and newly issued shares of c c ed

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

**(unaudited)**

***SIRIUS XM Canada***

SIRIUS XM has entered into agreements to provide Sirius XM Canada Holdings Inc. (“SIRIUS XM Canada”) with the right to offer SIRIUS XM satellite radio service in Canada. The various license and services agreements with SIRIUS XM Canada will expire in 2017 and 2020. SIRIUS XM receives a percentage based royalty of 10% and 15% for certain types of subscription revenue earned by SIRIUS XM Canada for the distribution of Sirius [illegible]

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

**(unaudited)**

principal amount of Convertible Notes with an equivalent conversion price of $47.43 per share of Series A Liberty Media Corporation common stock.

As a result of the Recapitalization, as discussed in note 2, the Convertible Notes are convertible into cash based on the product of the conversion rate specified in the indenture and the basket of tracking stocks into which each outstanding share of Series A Liberty Media Corporation common stock has been reclassified

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

**(unaudited)**

***Litigation***

The Company has contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible the Company may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying condensed consolidated financial statements.

In connection with a commercial transaction that closed during 2002 among Liberty, Vivendi Universal S.A. (“Vivendi”) and the former USA Holdings, Inc., Liberty brought suit against Vivendi and Universal Studios, Inc. in the United States District Court for the Southern District of New York, alleging, among other things, breach of contract and fraud by Vivendi. On June 25, 2012, a jury awarded Liberty damages in the amount of €765 million, plus prejudgment interest, in connection with a finding of breach of contract and fraud by the defendants. On January 17, 2013, the court entered judgment in favor of Liberty in the amount of approximately €945 million, including prejudgment interest. The parties negotiated a stay of the execution of the judgment during the pendency of the appeal. Vivendi has filed notice of its appeal of the judgment to the United States Court of Appeals for the Second Circuit. During the first quarter of 2016, Liberty entered into a settlement with Vivendi which resulted in a $775 million payment to settle all claims related to the dispute described above. Following the payment of a contingency fee to our legal counsel, as well as amounts payable to Liberty Global plc, an additional plaintiff in the action, Liberty recognized a net pre-tax gain on the legal settlement of approximately $511 million. This settlement resulted in a dismissal of all appeals and mutual releases of the parties.

SIRIUS XM is a defendant in several purpot p ts ua

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

**(unaudited)**

In August 2014, the United States District Court for the District of Columbia granted SIRIUS XM's motion to dismiss the complaint without prejudice on the grounds that the case properly should be pursued before the Copyright Royalty Board rather than the district court. In December 2014, SoundExchange filed a petition with the Copyright Royalty Board requesting an order interpreting the applicable regulations. SIRIUS XM has submitted legal briefs and other evidence supporting its position that its payments and practices complied with the regulations established by the Copyright Royalty Board for statutory licenses during the 2007-2012 period or, in the event that the Judges should find that the applicable regulations were unclear, that the Judges should clarify the regulations and confirm that SIRIUS XM's payments and practices complied with the regulations for that period. Briefing in this matter is complete and a decision from the Copyright Royalty Board is pending.

This matter is titled SoundExchange, Inc. v. Sirius XM Radio, Inc., No.13-cv-1290-RJL (D.D.C.), and *Determination of Rates and Terms for Preexisting Subscription Services and Satellite Digital Audio Radio Services*, United States Copyright Royalty Board, No. 2006-1 CRB DSTRA. Information concerning the action is publicly available in filings under the docket numbers. The outcome of this matter is inherently unpredictable and subject to significant uncertainties, many of which are beyond SIRIUS XM's control. As such, there can be no assurance that the final outcome of these matters will not materially and adversely affect the business, financial condition, results of operations, or cash flows. At this point SIRIUS XM cannot estimate the reasonably possible loss, or range of loss, which could be incurred if the plaintiffs were to prevail in the allegations, but,Xburev tllegatRIor rle Judg sh

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

**(unaudited)**

The Company evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as revenue and Adjusted OIBDA. In addition, the Company reviews nonfinancial measures such as subscriber growth, churn and penetration.

The Company defines Adjusted OIBDA as revenue less operating expenses, and selling, general and administrative expenses excluding all stock-based compensation. The Company believes this measure is an important indicator of the operational strength and performance of its businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes depreciation and amortization, stock-based compensation, separately reported litigation settlements and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current prices.

For the nine months ended September 30, 2016, the Company has identified SIRIUS XM as its reportable segment. SIRIUS XM is a consolidated subsidiary that provides a subscription based satellite radio service. SIRIUS XM transmits music, sports, entertainment, comedy, talk, news, traffic and weather channels as well as infotainment services in the United States on a subscription fee basis through its two proprietary satellite radio systems - the Sirius system and the XM system. Subscribers can also receive music and other channels, plus features such as SiriusXM On Demand and MySXM, over SIRIUS XM’s Internet radio service, including through applications for mobile devices.

The Company's segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technologies, differing revenue sources and marketing strategies. The accounting policies of the segments are the same as those described in the Company's summary of significant policies in the Company's annual financial statements filed on Form 10-K.

- failure to protect the security of personal information about our customers, subjecting us to potentially costly government enforcement actions or private litigation and reputational damage;
- the regulatory and competitive environment of the industries in which we, and iduen

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

The term "Liberty SiriusXM Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. Following the Recapitalization, the Liberty SiriusXM Group is primarily comprised of Liberty's subsidiary, SIRIUS XM, corporate cash and a margin loan obligation incurred by a wholly-owned special purpose subsidiary of Liberty. As of September 30, 2016, the Liberty SiriusXM Group has cash and cash equivalents of approximately $611 million, which includes $572 million of subsidiary cash.

The term "Liberty Braves Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. Following the Recapitalization, the Liberty Braves Group is primarily comprised of Braves Holdings, which indirectly owns the Atlanta Braves Major League Baseball Club ("ANLBC") and certain assets and liabilities associated with ANLBC's stadium and mixed use development project (the "Development Project"), corporate cash and all liabilities arising under a note from Braves Holdings to Liberty, with a total capacity of up to $165 million of borrowings by Braves Holdings (the "Intergroup Note") relating to funds to be borrowed and used for investment in the Development Project. As discussed below, the Intergroup Note, including accrued interest, was repaid during June 2016 using proceeds from the subscription rights offering and the Intergroup Note agreement was cancelled. As of September 30, 2016, the Liberty Braves Group has cash and cash equivalents of approximately $109 million, which includes subsidiary cash.

Following the Recapitalization, Liberty issued subscription rights to acquire she below;

## Results of Operations—Consolidated

***General.*** We provide in the tables below information regarding our Consolidated Operating Results and Other Income and Expense, as well as information regarding the contribution to those items from our reportable segments. The "corporate and other" category consists of those assets or businesses which do not qualify as a separate reportable segment. For a more detailed discussion and analysis of the financial results of our principal reportable segment see "Results of Operations—Business" below.

### Consolidated Operating Results

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | amounts in millions | | | |
| ***Revenue*** | | | | |
| Liberty SiriusXM Group | | | | |
| SIRIUS XM | $ 1,276 | 1,165 | 3,711 | 3,360 |
| Total Liberty SiriusXM Group | 1,276 | 1,165 | 3,711 | 3,360 |
| Liberty Braves Group | | | | |
| Corporate and other | 109 | 119 | 244 | 227 |
| Total Liberty Braves Group | 109 | 119 | 244 | 227 |
| Liberty Media Group | | | | |
| Corporate and other | — | — | — | — |
| Total Liberty Media Group | — | — | — | — |
| Consolidated Liberty | $ 1,385 | 1,284 | | |

Table o

As of September 30, 2016 Liberty's liquidity position consisted of the following:

| | o | Cash and Cash | Unencumbered |
|---|---|---|---|

| | Three months ended September 30, 2015 | | | Nine months ended September 30, 2015 | | |
|---|---|---|---|---|---|---|
| | As reported by SIRIUS XM | Purchase Accounting Adjustments | As reported by Liberty | As reported by SIRIUS XM | Adjustment for Purchase Accounting | As reported by Liberty |
| | amounts in millions | | | | | |
| Subscriber revenue | $ 975 | (6) | 969 | 2,826 | (14) | 2,812 |
| OtĎ Π | | | | | | |

*Revenue* is derived from three primary sources: ballpark operations (ticket sales, concessions, corporate sales, suites and premium seat fees), local broadcast rights and national broadcast, licensing and other shared Major League Baseball revenue streams. Braves Holdings revenue is seasonal, with the majority of revenue recognized during the second and third quarters which aligns with the baseball season. For the three and nine months ended September 30, 2016, revenue decreased $10 million and increased $17 million, respectively, as compared to the [illegible] during the same period in 2015). Although attendance per game and the average ticket price has been lower this year as compared to the prior year, the increase in revenue [illegible], primarily as a result of having more home games period over period (79 home games in 2016 versus 77 home games during the same period in 2015). Braves Holdings brought its retail operations in-house during the current year and engaged a new concessions operator for the 2016 season. These contractual changes [illegible]

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to market risk in the normal course of business due to our ongoing investing and financial activities. Market risk refers to the risk of loss arising from adverse changes in stock prices, interest rates and foreign currency exp thati chu

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings

*Telephone Consumer Protection Act Suits*

SIRIUS XM is a defendant in several purported class action suits that allege that SIRIUS XM, or call center vendors acting on its behalf, made calls which violate provisions of the Telephone Consumer Protection Act of 1991 (the “TCPA”). The plaintiffs in these actions allege, among other things, that SIRIUS XM called mobile phones using an automatic telephone dialing system without the consumer’s prior consent or, alternatively, afTS [illegible]

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**SIGNATURES**

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

LIBERTY MEDIA CORPORATION

| | | | |
|---|---|---|---|
| Date: | November 8, 2016 | By: | /s/ GREGORY B. MAFFEI<br>Gregory B. Maffei<br>President and Chief Executive Officer |
| Date: | November 8, 2016 | By: | /s/ MARK D. CARLETON<br>Mark D. Carleton<br>Chief Financial Officer<br>(Principal Financial Officer and Principal Accounting Officer) |

**EXHIBIT INDEX**

Listed below are the exhibits which are filed as a part of this Quarterly Report (according to the number assigned to them in Item 601 of Regulation S-K):

4.1 Indenture, dated as of August 17, 2016, by and between Liberty Media Corporation, as issuer, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 99.1 to Liberty Media Corporation's Current Report on Form 8-K filed on October 27, 2016 (File No. 001-35707).

10.1 Executive Employment Agreement, dated effective as of August 18, 2016, by and between Liberty Media Corporation and Richard Baer.*

10.2 Agreement for the r fdr t o geard t .1

**Exhibit 10.1**

**Exec**

(d) “**Close of Business**” means, on any day, 5:00 p.m., Denver, Colorado time.

(e) “**Code**” means the Internal Revenue Code of 1986, as amended.

(f) “**Committee Certification Date**” has the meaning specified in Section 5.3(c).

(g) “**Disability**” means (i) the Executive’s inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 6 months; or (ii) the Executive’s eligibility to receive, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 6 months, income replacement benefits for a period of at least three months under the Employer’s accident or health plan.

(h) “**Employer**” means the Company or such other entity to which this Agreement is hereafter assigned in accordance with Section 7.

(i) “**Existing Employment Agreement**” has the meaning specified in Section 2.1.

(j) “**Good Reason**” means the occurrence of any of the following events:

(i) the failure of Employer to appoint the Executive as, or to permit him to remain as, Chief Legal Officer of Employer, if that failure is not cured within 30 days after written notice;

(ii) the assignment by Employer to the Executive of duties materially inconsistent with his status as Chief Legal Officer of a publicly-traded company or any material diminution in the Executive’s duties and/or responsibilities or reporting obligations to Employer, or his titles or authority with respect to Employer, if that inconsistency or diminution is not cured within 30 days after written notice;

(iii) [illegible] Executive’s Base Salary or Target Bonus Opportunity (as defined below in Section [illegible]

(vi) the failure of EĞ Ğ EĞ Ğ § ك بن Ď

(s) “**Separation**” means the Executive’s “separation from sez)

Interactive, Liberty Broadband and Liberty TripAdvisor Holdings and such other entities as Employer may request from time to time. The Executive will also provide legal services to Starz, a Delaware corporation, and any other entities, to the extent directed to do so by Employer from time to time.

3.2 **Duties**. The Executive will perform such duties during the Employment Period as are consistent with his title and position as Chief Legal Officer of a publicly-traded company, and with the additional duties specified in Section 3.1(b).

3.3 **Time and Effort**. The Executive will devote his efforts and abilities, and substantially all his business time, to the performance of his duties to Employer and the other Applicable Companies; provided that he will, to the extent the same does not substantially conflict or interfere with the performance of his duties hereunder, be permitted to: (i) serve on corporate and civic boards and committees; (ii) deliver lectures, fulfill speaking engagements or teach at educational institutions; (iii) manage personal and family investments, and (iv) serve as a consultant to outside entities after obtaining the written consent of the Chief Executive Officer of Employer to such engagement, which shall be given in the Chief Executive Officer's sole discretion and which consent may be withdrawn upon reasonable notice to the Executive.

4. **Salary, Bonus, Benefits, Expenses and Equity Grants**.

4.1 **Salary**. For all services that Executive renders to, or at the direction of, Employer pursuant to this Agreement, including in respect of the other Applicable Companies, the Executive's initial base salary is $901,000 per annum during the Employment Period (the "**Base Salary**"). The Base Salary may, at the Company's discretion, be adjusted from time to time. The term "**Base Salary**" as used in this Agreement will refer to the Base Salary as it may be so adjusted.

4.2 **Bonus**. For calendar year 2017 and each subsequent calendar year during the Employment Period, the Executive will be eligible to receive a target cash bonus of 100% of the Executive's Base Salary for such year (the "**Target Bonus Opportunity**"); provided, that in no event will the aggregate bonus paid to the Executive for any year (the "**Bonus**") exceed two times the Executive's Base Salary for such year. Any target bonus opportunity which the Executive is eligible to receive from an Applicable Company other than Employer for any calendar year during the Employment Period will reduce the amount of the Target Bonus Opportunity that the Executive is eligible to receive from Employer under this Section 4.2 for such year. The Bonus, if any, payable with respect to services performed in any calendar year will be paid prior to March 15 of the year foll d wtive(is Bas ray rarXt any t r year duri any, paya's 5

4.4 **Vacation**. During the Employment Period, the Executive will be entitled to paid vacation and/or paid time off in accordance with the plans, policies, programs and practices of Employer provided generally to other senior executives of Employer.

4.5 **Perquisites.** During the Employment Period, Employer will provide the Executive with those perqç-ŎeP n

during the Employment Period, the Executive or his legal representative, as the case may be, will receive: (i) the Standard Entitlements, (ii) a lump sum payment of any declared but unpaid Bonus for the prior year; and (iii) a lump sum cash payment in the amount of $1,900,000. Subject to Section 5.11, all such payments will be made on the 53rd day after the effective date of the Executive’s termination due to Disability or, if that day is not a business day, on the immediately succeeding business day.

(b) The award agreements for the Multi-Year Oeh thetive, as atxb

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Period, the Executive will forfeit all rights to any Performance RSUs then held by the Executive that are not vested as of the date of such termination of the Executive's employment.

5.5 **Termination Without Good Reason**.

(a) Upon 30 days' prior written notice to Employer, the Executive will have the right to terminate his employment with Employer without Good Reason or any reason at all. If such event occurs during the Employment Period, the Executive will receive: (i) the Standard Entitlements; and (ii) a lump sum payment of any declared but unpaid Bonus for the prior year. Unless earlier payment of such amounts is required pursuant to applicable law, all such payments will be made on the 45th day after the effective date of the Executive's Separation or, if that day is not a business day, on the immediately succeeding business day.

(b) The award agreements for the Multi-Year Options will provide that upon a voluntary termination by the Executive of his employment with Employer during the Employment Period (other than a termination for Good Reason) (i) the Executive will forfeit all rights to any Multiyear Options then held by Executive that have not become vested as of the date of such termination of the Executive's employment; and (ii) any Multiyear Options that are outstanding and vested, but unexercised, as of the date of such termination of Executive's employment will remain exercisable for a period of up to 90 days after the date of termination (but in no event will be exercisable after the stated term of such options).

(c) The award agreements for the Performance RSUs will provide that upon a voluntary termination by the Executive of his employment with Employer during the Employment Period (other than a termination for Good Reason), Executive will forfeit all rights to any Performance RSUs then held by Executive that have not become vested as of the date of such termination of Executive's employment.

5.6 **Termination at or Following Expiration of the Employment Period.**

(a) The voluntary or involuntary termination of the Executive's employment with Employer at or after the Close of Business on December 31, 2020 for any reason (a "**Post-Employment Period Termination**") does not constitute a termination or Separation "during the Employment Period" for purposes of any amounts to be paid or benefits to be given to the Executive pursuant to any of Section 5.1, Section 5.2, Section 5.3 or Section 5.5. Upon a Post-Employment Period Termination, (i) the Employer shall pay to the Executive the Standard Entitlements; and (ii) except in the case of a termination by Employer for Cause, the Executive's Bonus for 2020 will thereafter be paid on the Company's regular payment date to the extent that the compensation committee determines that such Bonus was earned and would have been paid if the Executive had remained employed on the payment date for such Bonus.

(b) The award agreements for the Multi-Year Options will provide that upon a Post-Employment Period Termination (i) for any reason other than Cause, any Multiyear Options then held by Executive that are outstanding and vested, but unexercised, will remain exercisable throughout the remainder of the full original term of such equity award (determined without reference to any provision in the applicable award agreement that reduces the exercisability of, or limits the vesting of, such equity award upon the Executive's termination of employment, but otherwise in accordance with the terms and conditions applicable to such equity award) and (ii) for Cause, all unexercised Multi-Year Options, whether vested or unvested, will terminate immediately upon such termination of the Executive's employment.

(c) The award agreements for the Performance RSUs issued to the Executive in calendar year 2020 (the "**<u>2020 Performance RSUs</u>**") will provide that upon a Post-Employment Period Termination prior to the Committee Certification Date for such awards, other than a termination for Cause or a termination by reason of death or Disability, the 2020 Performance RSUs will remain outstanding until the Committee Certification Date and will vest on the Committee Certification Date to the extent that the applicable compensation committee determines that the performance criteria applicable to such equity awards were met and that such awards would have been earned if the Executive had remained employed on the Committee Certification Date. Upon a Post-Employment Period Termination for Cause prior to the Committee Certification Date for such awards, the 2020 Performance RSUs will terminate as of the date of such termination. Upon a Post-Employment Period Termination by reason of death or Disability prior to the Committee Certification Date for such awards, the 2020 Performance RSUs will immediately vest in full.

5.7 **Specified Employee**. Notwithstanding any other provision of this Agreement, if (i) the Executive is to receive payments or benefits under <u>Section 5</u> by reason of his Separation other than as a result of his death, (ii) the Executive is a "specified employee" with respect to Employer within the meaning of Section 409A of the Code on the date of Separation, and (iii) such payment or benefit would otherwise subject the Executive to any tax

5.9 **Non-emn**

claim(s) were brought in a federal court of law.  Either party may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award.  Discovery, such as depositions or document requests, will be available to Employer and the Executive as though the dispute were pending in U.S. federal court.  The arbitrator will have the ability to rule on pre-hearing motions as though the matter were in a U.S. federal court, including the ability to rule on a motion for summary judgment.

If permitted by applicable law, the fees of the arbitrator and any other fees for the administration of the arbitration that would not normally be incurred if the action were brought in a court of law (e.g., filing fees or room rental fees) will be shared equally by the parties.  If the foregoing is not permitted by applicable law, the fees of the arbitrator and any other fees for the administration of the arbitration that would not normally be incurred if the action were brought in a court of law will be paid by Employer, provided that the Executive will be required to pay the amount of filing fees equal to that which the Executive would be required to pay to file an action in a Colorado state court.  Each party will pay its own attorneys' fees and other costs incurred in connection with the arbitration, unless the relief authorized by law allows otherwise and the arbitrator determines that such fees and costs will be paid in a different manner.  The arbitrator must provide a written decision that is subject to limit(pa

IN WITNESS WHEREOF, the parties hereto have executed this Executive Employment Agreement to be effective as of the Effective Date.

LIBERTY MEDIA CORPORATION

| | |
|---|---|
| By: | /s/ Pamela Coe |
| Name: | Pamela Coe |
| Title: | SVP |
| Executed: | August 23, 2016 |

EXECUTIVE:

/s/ Richard Baer

Richard Baer

Executed: August 23, 2016

**Liberty Braves Group**

*Summary Balance Sheet Data:*

| | | September 30, 2016 | December 31, 2015 |
|---|---|---|---|
| | | amounts in millions | |
| Cash and cash equivalents | $ | 109 | 13 |
| Property and equipment, net | $ | 737 | 362 |
| Investments in affiliates, accounted for using the equity method | $ | 56 | 39 |
| Intangible assets not subject to amortization | $ | 323 | 323 |
| Intangible assets subject to amortization, net | $ | 69 | 70 |
| Total assets | $ | 1,369 | 849 |
| Deferred revenue | $ | 27 | 28 |
| Long-term debt, including current portion | $ | 211 | 139 |
| Deferred tax liabilities | $ | 37 | 49 |
| Attributed net assets | $ | 425 | 351 |

*Summary Statement of Operations Data:*

| | | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | | 2016 | 2015 | 2016 | 2015 |
| | | amounts in millions | | | |
| Revenue | $ | 109 | 119 | 244 | 227 |
| Selling, general and administrative expense (1) | $ | (18) | (17) | (51) | (45) |
| Operating income (loss) | $ | 1 | 16 | (45) | (16) |
| Share of earnings (losses) of affiliates, net | $ | 2 | 2 | 6 | 6 |
| Income tax (expense) benefit | $ | (1) | (7) | 15 | 3 |
| Earnings (loss) attributable to Liberty Media Corporation stockholders | $ | (22) | 10 | (22) | (9) |

(1) Includes stock-based compensation of $3 million for each of the three months ended September 30, 2016 and 2015, and $7 million and $5 million for the nine months ended September 30, 2016 and 2015, respectively.

**Liberty Media Group**

*Summary Balance Sheet Data:*

| | September 30, 2016 | December 31, 2015 |
|---|---|---|
| | amounts in millions | |
| Cash and cash equivalents | $ 220 | 76 |
| Investments in available for sale securities and other cost investments | $ 1,241 | 525 |
| Investments in affiliates, accounted for using the equity method | $ 935 | 923 |
| Total assets | $ 2,947 | 1,952 |
| Long-term debt, including current portion | $ 1,546 | 1,033 |
| Attributed net assets | $ 1,254 | 983 |

*Summary Statement of Operations Data:*

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | amounts in millions | | | |
| Selling, general and administrative expense (1) | $ (15) | (20) | (44) | (52) |
| Legal settlement | $ — | — | 511 | — |
| Operating income (loss) | $ (16) | (23) | 460 | (59) |

**STATEMENT OF CASH FLOWS INFORMATION**
**Nine months ended September 30, 2016**
**(unaudited)**

| | Attributed (note 1) | | | |
|---|---|---|---|---|
| | Liberty SiriusXM Group | Liberty Braves Group | Liberty Media Group | Consolidated Liberty |
| | amounts in millions | | | |
| Cash flows from operating activities: | | | | |
| Net earnings (loss) | $ 471 | (22) | 289 | 738 |
| Adjustments to reconcile net earnings to net cash provi earnings ( | | | | |

(1) As discussed in note 2 the accompanying condensed consolidated financial statements, on April 15, 2016 Liberty completed a recapitalization of Liberty Media Corporation's ("Liberty" or the "Company") common stock into three new tracking stock groups, one designated as the Liberty Braves common stock, one designated as the Liberty Media common stock and one designated as the Liberty SiriusXM common stock (the "Recapitalization"). The attributed financial information is presented herein on a pro forma basis for the three and nine months ended September 30, 2016 and 2015 as if the Recapitalization had been completed as of January 1, 2015.

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

The Liberty SiriusXM Group is comprised of our consolidated subsidiary, Sirius XM Holdings Inc. ("SIRIUS XM"), corporate cash and its margin loan obligation incurred by a wholly-owned special purpose subsidiary of Liberty. As of September 30, 2016, the Liberty SiriusXM Group has cash and cash equivalents of approximately $611 million, which includes $572 million of subsidiary cash.

The Liberty Braves Group is comprised of our consolidated subsidiary, Braves Holdings, LLC ("Braves Holdings"), which indirectly owns the Atlanta Braves Major League Baseball Club ("ANLBC") and certain assets and liabilities associated with ANLBC's stadium and mixed use development project (the "Development Project"), corporate cash and all liabilities arising under a note obligation from Braves Holdings to Liberty, with a total borrowing capacity of up to $165 million by Braves Holdings (the "Intergroup Note") relating to funds borrowed and used for investment in the Development Project. As of December 31, 2015, Braves Holdings had drawn approximately $31 million on the Intergroup Note, which is included in the Intergroup payable (receivable) line item in the consolidated attributed balance sheet. $150 million was outstanding under the Intergroup Note which was repaid during June 2016 using proceeds from the subscription rights offering (as described in more detail below), and the Intergroup Note agreement was cancelled. The remaining proceeds from the rights offering were attributed investment in Del(n

(4) The following table presents information regarding certain equity method investments attributed to each of the Liberty SiriusXM Group, Liberty Braves Group and Liberty Media Group:

| | September 30, 2016 | | | December 31, 2015 |
|---|---|---|---|---|
| | Percentage ownership | Market Value | Carrying amount | Carrying amount |
| | dollar amounts in millions | | | |
| Liberty SiriusXM Group | | | | |
| SIRIUS XM Canada (a) | 37 % | $ 171 | $ 165 | 153 |
| Total Liberty SiriusXM Group | | | 165 | 153 |

XM of $4 million during the three months ended September 30,

(5) Debt attributed to the Liberty SiriusXM Group, Liberty Braves Group and Liberty Media Group is comprised of the following:

| | Outstanding | [illegible] | Hi |
|---|---|---|---|

***Margin Loans***

During October 2015, Liberty refinanced a margin loan arrangement for a similar financial instrument with a term loan of $250 million and a $1 billion undrawn line of credit, which was scheduled to mature during October 2016. This margin loan arrangement was refinanced during October 2016, as discussed below. Shares of SIRIUS XM and Live Nation were pledged as collateral pursuant to this agreement. The term loan and any drawn portion of the revolver carried an interest rate of LIBOR plus an applicable spread between 1.75% and 2.25% (based on the value of collateral) Vt ((

of operations and eliminated in consolidation. The total amount payable is expected to be less than $1 million each annual period.

In August 2016, a subsidiary of Braves Holdings entered into a credit facility with an availability of $30 million to fund a portion of the entertainment venue as part of the mixed use development. This facility matures during August 2020 and contains one twelve month extension option. The credit facility bears interest at LIBOR plus 3.25%, with a step-down upon completion of construction. This facility was undrawn as of September 30, 2016.

As of September 30, 2016, approximately $496 million has been spent to-date on the baseball facility, of which approximately $373 million of funding has been provided by the Authority, and $238 million has been spent to date on the mixed-use development.

***Liberty 1.375% Cash Convertible Notes due 2023***

On October 17, 2013, Liberty issued $1 billion aggregate principal amount of 1.375% Cash Convertible Senior Notes due 2023 ("Convertible Notes"). The Convertible Notes will mature on October 15, 2023 unless earlier repurchased by us or converted. Interest on the Convertible Notes is payable semi-annually in arrears on April 15 and October 15 of each year at a rate of 1.375% per annum. All conversion of the Convertible Notes will be settled solely in cash, and not through the delivery of any securities. During the year ended December 31, 2014, in connection with the issuance of Series C Liberty Media Corporation common stock and the Broadband Spin-Off, as discussed in note 1 to the accompanying condensed consolidated financial statements, the conversion rate was adjusted to 21.0859 shares of Series A Liberty Media Corporation common stock per $1,000 principal amount of Convertible Notes with an equivalent conversion price of $47.43 per share of Series A Liberty Media Corporation common stock. Holders of the Convertible Notes may convert their notes at their option at any time prior to the close of business on the second business day immediately preceding the maturity date of the notes under certain circumstances. Liberty has elected to account for this instrument using the fair value option. Accordingly, changes in the fair value of this instrument are recognized as unrealized gains (losses) in the statement of operations. As of September 30, 2016, the Convertible Notes are classified as a long term liability in the condensed consolidated balance sheet, as the conversion conditions have not been met.

As a result of the Recapitalization, as discussed in note 1, the Convertible Notes are convertible into cash based on the product of the conversion rate specified in the indenture and the basket of tracking stocks into which each outstanding share of Series A Liberty Media Corporation common stock has been reclassified (the “Securities Basket”). The supplemental indenture entered into on April 15, 2016 in connection with the Recapitalization amends the conversion, adjustment and other provisions of the indenture to give effect to the Recapitalization and provides that the conversion consideration due upon conversion of any Convertible Note shall be determined as if references in the indenture to one share of Series A Liberty Media Corporation common stock were instead a reference to the Securities Basket, initially consisting of 0.10 of a share of Series A Liberty Braves common stock, 1.0 share of Series A Liberty SiriusXM common stock and 0.25 of a share of Series A Liberty Media common stock. The Series A Liberty Braves common stock component of the Securities Basket was adjusted to 0.1087 pursuant to anti-dilution adjustments arising out of the distribution of subscription rights to purchase shares of Series C Liberty Braves common stock made to all holders of Liberty Braves common stock.

Additionally, contemporaneously with the issuance of the Convertible Notes, Liberty entered into privately negotiated cash convertible note hedges and purchased call options (the “Bond Hedge Transaction”). The Bond Hedge Transaction is expected to offset potential cash payments Liberty would be required to make in excess of the principal amount of the Convertible Notes, upon conversion of the notes in the event that the volume-weighted average price per share of the Series A Liberty common stock, as measured under the cash convertible note hedge transactions on each trading day of the relevant cash settlement averaging period or other relevant valuation period, is greater than the strike price of Series A Liberty Media Corporation common stock, which corresponded to the initial conversion price of the Convertible Notes. During the year ended December 31, 2014, in connection with the issuance of Series C Liberty common stock and the Broadband Spin-Off, as discussed in note 1 to the accompanying condensed consolidated financial statements, the number of shares covered by the Bond Hedge Transaction was adjusted to 21,085,900 shares of Series A Liberty common stock

**Notes**

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