LIBERTY MEDIA CORP

FORM 10-Q
(Quarterly Report)

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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 (State or other jurisdiction of incorporation or organization)	**37-1699499** (I.R.S. Employer Identification No.)
12300 Liberty Boulevard **Englewood, Colorado** (Address of principal executive offices)	**80112** (Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (do not check if smaller reporting company)	Smaller reporting company ☐

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

The number of outstanding shares of Liberty Media Corporation's common stock as of October 31, 2016 was:

	Series A	Series B	Series C
Liberty SiriusXM common stock	102,343,920	9,870,856	222,794,159
Liberty Braves common stock	10,231,328	986,828	38,215,519
Liberty Media common stock	25,584,175	2,466,778	55,706,745

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(unaudited)

	September 30, 2016	December 31, 2015
	amounts in millions	
Assets		
Current assets:		
Cash and cash equivalents	$ 940	201
Trade and other receivables, net	274	247
Other current assets	258	243
Total current assets	1,472	691
Investments in available-for-sale securities and other cost investments (note 6)	1,249	533
Investments in affiliates, accounted for using the equity method (note 7)	1,156	1,115
Property and equipment, at cost	2,980	2,587
Accumulated depreciation	(817)	(708)
	2,163	1,879
Intangible assets not subject to amortization (note 8):		
Goodwill	14,345	14,345
FCC licenses	8,600	8,600
Other	1,073	1,073
	24,018	24,018
Intangible assets subject to amortization, net (note 8)	1,070	1,097
Other assets	435	465
Total assets	$ 31,563	29,798
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 824	758
Current portion of debt	609	255
Deferred revenue	1,838	1,797
Other current liabilities	15	3
Total current liabilities	3,286	2,813
Long-term debt, including $1.5 billion and $995 million measured at fair value at September 30, 2016 and December 31, 2015, respectively (note 9)	7,510	6,626
Deferred income tax liabilities	2,009	1,667
Other liabilities	765	561
Total liabilities	13,570	11,667

(continued)

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Continued)

(unaudited)

	September 30, 2016	December 31, 2015
	amounts in millions, except share amounts	
Stockholders' equity:		
Preferred stock, $.01 par value. Authorized 50,000,000 shares; no shares issued	—	—
Series A Liberty Media Corporation common stock, $.01 par value. Authorized 2,000,000,000 shares at December 31, 2015; issued and outstanding 102,193,688 shares at December 31, 2015 (note 2)	NA	1
Series A Liberty SiriusXM common stock, $.01 par value. Authorized 2,000,000,000 shares at September 30, 2016; issued and outstanding 102,340,884 shares at September 30, 2016 (note 2)	1	NA
Series A Liberty Braves common stock, $.01 par value. Authorized 200,000,000 shares at September 30, 2016; issued and outstanding 10,231,380 shares at September 30, 2016 (note 2)	—	NA
Series A Liberty Media common stock, $.01 par value. Authorized 500,000,000 shares at September 30, 2016; issued and outstanding 25,584,240 shares at September 30, 2016 (note 2)	—	NA
Series B Liberty Media Corporation common stock, $.01 par value. Authorized 75,000,000 shares at December 31, 2015; issued and outstanding 9,870,966 shares at December 31, 2015 (note 2)	NA	—
Series B Liberty SiriusXM common stock, $.01 par value. Authorized 75,000,000 shares at September 30, 2016; issued and outstanding 9,870,956 shares at September 30, 2016 (note 2)	—	NA
Series B Liberty Braves common stock, $.01 par value. Authorized 7,500,000 shares at September 30, 2016; issued and outstanding 986,828 shares at September 30, 2016 (note 2)	—	NA
Series B Liberty Media common stock, $.01 par value. Authorized 18,750,000 shares at September 30, 2016; issued and outstanding 2,466,821 shares at September 30, 2016 (note 2)	—	NA
Series C Liberty Media Corporation common stock, $.01 par value. Authorized 2,000,000,000 shares at December 31, 2015; issued and outstanding 222,482,377 shares December 31, 2015 (note 2)	NA	2
Series C Liberty SiriusXM common stock, $.01 par value. Authorized 2,000,000,000 shares at September 30, 2016; issued and outstanding 222,786,593 shares at September 30, 2016 (note 2)	2	NA
Series C Liberty Braves common stock, $.01 par value. Authorized 200,000,000 shares at September 30, 2016; issued and outstanding 38,215,622 shares at September 30, 2016 (note 2)	—	NA
Series C Liberty Media common stock, $.01 par value. Authorized 500,000,000 shares at September 30, 2016; issued and outstanding 55,706,957 shares at September 30, 2016 (note 2)	1	NA
Additional paid-in capital	147	—
Accumulated other comprehensive earnings (loss), net of taxes	(54)	(51)
Retained earnings	11,608	10,981
Total stockholders' equity	11,705	10,933
Noncontrolling interests in equity of subsidiaries	6,288	7,198
Total equity	17,993	18,131
Commitments and contingencies (note 10)		
Total liabilities and equity	$ 31,563	29,798

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Operations

(unaudited)

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
	amounts in millions, except per share amounts			
Revenue:				
Subscriber revenue	$ 1,069	969	3,110	2,812
Other revenue	316	315	845	775
Total revenue	1,385	1,284	3,955	3,587
Operating costs and expenses, including stock based compensation (note 3):				
Cost of subscriber services (exclusive of depreciation shown separately below):				
Revenue share and royalties	273	239	789	783
Programming and content	90	68	258	191
Customer service and billing	95	94	286	280
Other	31	33	109	98
Subscriber acquisition costs	121	133	382	392
Other operating expense	96	93	265	226
Selling, general and administrative	235	207	644	608
Legal settlement, net (note 10)	—	—	(511)	—
Depreciation and amortization	92	96	272	272
	1,033	963	2,494	2,850
Operating income (loss)	352	321	1,461	737
Other income (expense):				
Interest expense	(98)	(84)	(272)	(244)
Share of earnings (losses) of affiliates, net (note 7)	37	29	43	(8)
Realized and unrealized gains (losses) on financial instruments, net (note 5)	7	(200)	(33)	(188)
Other, net	5	4	17	12
	(49)	(251)	(245)	(428)
Earnings (loss) before income taxes	303	70	1,216	309
Income tax (expense) benefit	(134)	(29)	(478)	(150)
Net earnings (loss)	169	41	738	159
Less net earnings (loss) attributable to the noncontrolling interests	54	63	177	139
Net earnings (loss) attributable to Liberty stockholders	$ 115	(22)	561	20
Net earnings (loss) attributable to Liberty stockholders:				
Liberty Media Corporation common stock	$ —	(22)	377	20
Liberty SiriusXM common stock	96	—	178	—
Liberty Braves common stock	(22)	—	10	—
Liberty Media common stock	41	—	(4)	—
	$ 115	(22)	561	20

(Continued)

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Operations (Continued)

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Basic net earnings (loss) attributable to Liberty stockholders per common share (notes 2 and 4)				
Series A, B and C Liberty Media Corporation common stock	$ NA	(0.07)	1.13	0.06
Series A, B and C Liberty SiriusXM common stock	0.29	NA	0.53	NA
Series A, B and C Liberty Braves common stock	(0.45)	NA	0.23	NA
Series A, B and C Liberty Media common stock	0.49	NA	(0.05)	NA
Diluted net earnings (loss) attributable to Liberty stockholders per common share (notes 2 and 4)				
Series A, B and C Liberty Media Corporation common stock	$ NA	(0.07)	1.12	0.06
Series A, B and C Liberty SiriusXM common stock	0.28	NA	0.53	NA
Series A, B and C Liberty Braves common stock	(0.45)	NA	0.15	NA
Series A, B and C Liberty Media common stock	0.48	NA	(0.05)	NA

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Comprehensive Earnings (Loss)

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
	amounts in millions			
Net earnings (loss)	$ 169	41	738	159
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	(2)	(9)	5	(40)
Unrealized holding gains (losses) arising during the period	—	—	1	—
Share of other comprehensive earnings (loss) of equity affiliates	(2)	(1)	(7)	(3)
Other comprehensive earnings (loss)	(4)	(10)	(1)	(43)
Comprehensive earnings (loss)	165	31	737	116
Less comprehensive earnings (loss) attributable to the noncontrolling interests	54	59	179	121
Comprehensive earnings (loss) attributable to Liberty stockholders	$ 111	(28)	558	(5)

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Cash Flows

(unaudited)

	Nine months ended September 30, 2016	2015
	amounts in millions	
Cash flows from operating activities:		
Net earnings	$ 738	159
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	272	272
Stock-based compensation	109	147
Share of (earnings) loss of affiliates, net	(43)	8
Realized and unrealized (gains) losses on financial instruments, net	33	188
Deferred income tax expense (benefit)	407	98
Other, net	35	20
Changes in operating assets and liabilities		
Current and other assets	(29)	(141)
Payables and other liabilities	129	142
Net cash provided (used) by operating activities	1,651	893
Cash flows from investing activities:		
Investments in and loans to cost and equity investees	(762)	—
Cash proceeds from sale of investments	61	175
Proceeds (payments) on financial instruments, net	(1)	(88)
Capital expended for property and equipment	(318)	(176)
Purchases of short term investments and other marketable securities	(258)	(51)
Sales of short term investments and other marketable securities	273	231
Other investing activities, net	(5)	(40)
Net cash provided (used) by investing activities	(1,010)	51
Cash flows from financing activities:		
Borrowings of debt	2,019	1,779
Repayments of debt	(876)	(818)
Repurchases of Liberty common stock	—	(303)
Subsidiary shares repurchased by subsidiary	(1,225)	(1,648)
Proceeds from Liberty Braves common stock rights offering	203	—
Taxes paid in lieu of shares issued for stock-based compensation	(43)	(51)
Other financing activities, net	20	4
Net cash provided (used) by financing activities	98	(1,037)
Net increase (decrease) in cash and cash equivalents	739	(93)
Cash and cash equivalents at beginning of period	201	681
Cash and cash equivalents at end of period	$ 940	588

See accompanying notes to condensed consolidated financial statements.

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statement Of Equity

(unaudited)

Nine months ended September 30, 2016

	Stockholders' equity																	Noncontrolling interest in equity of subsidiaries	Total equity
		Common Stock												Additional Paid-in Capital	Accumulated other comprehensive earnings (loss)	Retained earnings			
	Preferred Stock	Liberty Media Corporation			Liberty Sirius XM			Liberty Braves			Liberty Media								
		Series A	Series B	Series C	Series A	Series B	Series C	Series A	Series B	Series C	Series A	Series B	Series C						
	amounts in millions																		
Balance at January 1, 2016	$ —	1	—	2	—	—	—	—	—	—	—	—	—	—	(51)	10,981		7,198	18,131
Net earnings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	561		177	738
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(3)	—		2	(1)
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	70	—	—		25	95
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	(43)	—	—		—	(43)
Issuance of stock upon exercise of stock options	—	—	—	—	—	—	—	—	—	—	—	—	—	5	—	—		—	5
Shares repurchased by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	(64)	—	—		(1,150)	(1,214)
Shares issued by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	(22)	—	—		22	—
Recapitalization of tracking stock groups	—	(1)	—	(2)	1	—	2	—	—	—	—	—	1	—	—	—		—	1
Common stock issued pursuant to the Series C Liberty Braves common stock rights offering	—	—	—	—	—	—	—	—	—	—	—	—	—	203	—	—		—	203
Contribution by noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		15	15
Cumulative adjustment for change in accounting principle	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	66		(1)	65
Other	—	—	—	—	—	—	—	—	—	—	—	—	—	(2)	—	—		—	(2)
Balance at September 30, 2016	$ —	—	—	—	1	—	2	—	—	—	—	—	1	147	(54)	11,608		6,288	17,993

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(1) Basis of Presentation

The accompanying condensed consolidated financial statements include all the accounts of Liberty Media Corporation and its controlled subsidiaries (formerly named Liberty Spinco, Inc.) ("Liberty" or the "Company" unless the context otherwise requires). All significant intercompany accounts and transactions have been eliminated.

Liberty, through its ownership of interests in subsidiaries and other companies, is primarily engaged in the media, communications and entertainment industries primarily in North America. The significant subsidiaries include Sirius XM Holdings Inc. ("SIRIUS XM") and Braves Holdings, LLC ("Braves Holdings"). Our significant investment accounted for under the equity method is Live Nation Entertainment, Inc. ("Live Nation").

The accompanying (a) condensed consolidated balance sheet as of December 31, 2015, which has been derived from audited financial statements, and (b) the interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for such periods have been included. The results of operations for any interim period are not necessarily indicative of results for the full year. Additionally, certain prior period amounts have been reclassified for comparability with current period presentation. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in Liberty's Annual Report on Form 10-K for the year ended December 31, 2015.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The Company considers (i) fair value measurement, (ii) accounting for income taxes, (iii) assessments of other-than-temporary declines in fair value of its investments and (iv) the determination of the useful life of SIRIUS XM's broadcast/transmission system to be its most significant estimates **.**

In March 2016, the Financial Accounting Standards Board ("FASB") issued new accounting guidance on share-based payment accounting. The areas for simplification in this update involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, forfeiture calculations, and classification on the statement of cash flows. We early adopted this new guidance in the third quarter of 2016. In accordance with the new guidance, excess tax benefits and tax deficiencies are recognized as income tax benefit or expense rather than as additional paid-in capital. The Company has elected to recognize forfeitures as they occur rather than continue to estimate expected forfeitures. In addition, pursuant to the new guidance, excess tax benefits are classified as an operating activity on the condensed consolidated statements of cash flows. The recognition of excess tax benefits and deficiencies are applied prospectively. For tax benefits that were not previously recognized and for adjustments to compensation cost based on actual forfeitures, the Company has recorded a cumulative-effect adjustment in retained earnings as of January 1, 2016 in the amount of $66 million. The presentation changes for excess tax benefits have been applied retrospectively in the condensed consolidated statements of cash flows, resulting in $75 million and $18 million of excess tax benefits for the nine months ended September 30, 2016 and 2015, respectively, reclassified from cash flows from financing activities to cash flows from operating activities.

In February 2016, the FASB issued new accounting guidance on lease accounting. This guidance requires a company to recognize lease assets and lease liabilities arising from operating leases in the statement of financial position. This guidance does not significantly change the previous lease guidance for how a lessee should account for leases. Additionally, the criteria for classifying a lease as a finance lease versus an operating lease are substantially the same as the previous

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

guidance. The amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and early adoption is permitted. We plan to adopt this guidance on January 1, 2019. Companies are required to use a modified retrospective approach to adopt this guidance. We are currently evaluating the impact of the adoption of this new guidance on our consolidated financial statements.

In January 2016, the FASB issued new accounting guidance that is intended to improve the recognition and measurement of financial instruments. The new guidance requires equity investments with readily determinable fair values (except those accounted for under the equity method of accounting or those that result in consolidation) to be measured at fair value with changes in fair value recognized in net income and simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. The new standard is effective for the Company for fiscal years and interim periods beginning after December 15, 2017. The Company has not yet determined the effect of the standard on its ongoing financial reporting.

In May 2014, the FASB issued new accounting guidance on revenue from contracts with customers. The new guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This new guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In March 2016, the FASB issued additional guidance which clarifies principal versus agent considerations, and in April 2016, the FASB issued further guidance which clarifies the identification of performance obligations and the implementation guidance for licensing. The updated guidance will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or modified retrospective transition method. This guidance is currently effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, and early adoption is permitted only for fiscal years beginning after December 15, 2016. The Company currently does not plan to early adopt this new guidance, is evaluating the effect that the updated standard will have on its revenue recognition and has not yet selected a transition method.

Liberty holds investments that are accounted for using the equity method. Liberty does not control the decision making process or business management practices of these affiliates. Accordingly, Liberty relies on management of these affiliates to provide it with accurate financial information prepared in accordance with GAAP that the Company uses in the application of the equity method. In addition, Liberty relies on audit reports that are provided by the affiliates' independent auditors on the financial statements of such affiliates. The Company is not aware, however, of any errors in or possible misstatements of the financial information provided by its equity affiliates that would have a material effect on Liberty's condensed consolidated financial statements.

On November 4, 2014, Liberty completed the spin-off to its stockholders common stock of a newly formed company called Liberty Broadband Corporation ("Liberty Broadband") (the “Broadband Spin-Off”). Shares of Liberty Broadband were distributed to the shareholders of Liberty as of a record date of 5:00 p.m., New York City time, on October 29, 2014. Upon completion of the spin-off, Liberty Broadband was comprised of, among other things, (i) Liberty’s former interest in Charter Communications, Inc. (“Charter”), (ii) Liberty’s former subsidiary TruePosition, Inc. (“TruePosition”), (iii) Liberty’s former minority equity investment in Time Warner Cable, Inc. ("Time Warner Cable"), (iv) certain deferred tax liabilities, as well as liabilities related to Time Warner Cable call options and (v) initial indebtedness, pursuant to margin loans entered into prior to the completion of the Broadband Spin-Off. Prior to the transaction, Liberty Broadband borrowed funds under margin loans and made a final distribution to Liberty of approximately $300 million in cash. The Broadband Spin-Off was intended to be tax-free to stockholders of Liberty, and in September 2015, Liberty entered into a closing agreement with the IRS which provides that the Broadband Spin-Off qualified for tax-free treatment. In the Broadband Spin-Off, record holders of Liberty Media Corporation’s Series A, Series B and Series C common stock received one share of the corresponding series of Liberty Broadband common stock for every four shares of Liberty Media Corporation common stock held by them as of the record date for the Broadband Spin-Off, with cash paid in lieu of fractional shares.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

The Company’s former investments in and results of Charter and Time Warner Cable are no longer included in the results of Liberty from the date of the completion of the Broadband Spin-Off forward.

Liberty has entered into certain agreements with Liberty Interactive Corporation (“Liberty Interactive”), Starz, Liberty TripAdvisor Holdings, Inc. (“TripCo”) and Liberty Broadband, all of which are separate publicly traded companies, in order to govern relationships between the companies. None of these entities has any stock ownership, beneficial or otherwise, in any of the others. These agreements include Reorganization Agreements (in the case of Starz and Liberty Broadband only), Services Agreements, Facilities Sharing Agreements, a Lease Agreement (in the case of Starz only) and Tax Sharing Agreements (in the case of Starz and Liberty Broadband only). On July 22, 2016, Liberty entered into a services agreement with CommerceHub, Inc. (“CommerceHub”), which was a wholly owned subsidiary of Liberty Interactive prior to the completion of its spin-off on such date. In addition, during November 2016, Liberty entered into a services agreement and a facilities sharing agreement with Liberty Expedia Holdings, Inc. (“Expedia Holdings”), which was a wholly-owned subsidiary of Liberty Interactive prior to the completion of its split-off on November 4, 2016.

The Reorganization Agreements provide for, among other things, provisions governing the relationships between Liberty and each of Liberty Interactive, Starz and Liberty Broadband, respectively, including certain cross-indemnities. Pursuant to the Services Agreements, Liberty provides Liberty Interactive, Starz, TripCo, Liberty Broadband, Expedia Holdings and CommerceHub with general and administrative services including legal, tax, accounting, treasury and investor relations support. Liberty Interactive, Starz, TripCo, Liberty Broadband, Expedia Holdings and CommerceHub reimburse Liberty for direct, out-of-pocket expenses incurred by Liberty in providing these services and, in the case of Liberty Interactive and Starz, Liberty Interactive's and Starz's respective allocable portion of costs associated with any shared services or personnel based on an estimated percentage of time spent providing services to each respective company, while TripCo, Liberty Broadband, Expedia Holdings and CommerceHub pay an annual fee for the provision of these services. Under the Facilities Sharing Agreements, Liberty shares office space and related amenities at its corporate headquarters with Liberty Interactive, TripCo, Expedia Holdings and Liberty Broadband. Under these various agreements approximately $5 million and $1 million of these allocated expenses were reimbursed to Liberty during the three months ended September 30, 2016 and 2015 , respectively, and $16 million and $15 million during the nine months ended September 30, 2016 and 2015, respectively. Under the Lease Agreement, Starz leases its corporate headquarters from Liberty. The Lease Agreement with Starz for their corporate headquarters requires a payment of approximately $4 million annually, subject to certain increases based on the Consumer Price Index.

(2) Tracking Stocks

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

The Recapitalization was completed on April 15, 2016 and the newly issued shares commenced trading or quotation in the regular way on the Nasdaq Global Select Market or the OTC Markets, as applicable, on Monday, April 18, 2016. In May 2016, the IRS completed its review of the Recapitalization and notified Liberty that it agreed with the nontaxable characterization of the transaction. The operating results prior to the Recapitalization are attributed to Liberty stockholders in the aggregate. However, the information in the following footnotes has been presented by tracking stock groups for all periods presented in order to enhance the information provided to users of these financial statements.

Following the creation of the tracking stocks, Series A, Series B and Series C Liberty Braves common stock trade under the symbols BATRA/B/K respectively, Series A, Series B and Series C Liberty Media common stock trade under the symbols LMCA/B/K, respectively, and Series A, Series B and Series C Liberty SiriusXM common stock trade under

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

the symbols LSXMA/B/K, respectively. Series A and Series C of each of the Liberty Braves common stock and the Liberty Media common stock trade on the Nasdaq Stock Market and Series B of each of these stocks trades on the OTC Markets. In addition, each series (Series A, Series B and Series C) of the Liberty SiriusXM common stock trades on the Nasdaq Global Select Market.

In the Recapitalization, each issued and outstanding share of Liberty's existing common stock was reclassified and exchanged for (a) 1 share of the corresponding series of Liberty SiriusXM common stock, (b) 0.1 of a share of the corresponding series of Liberty Braves common stock and (c) 0.25 of a share of the corresponding series of Liberty Media common stock on April 15, 2016. Cash was paid in lieu of the issuance of any fractional shares.

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

Additionally, as a result of the Recapitalization, the Convertible Notes (note 9) 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 common stock has been reclassified (the "Securities Basket"). The Series A Liberty Braves common stock component of the Securities Basket was subsequently adjusted pursuant to anti-dilution adjustments arising out of the distribution of subscription rights to purchase shares of Series C Liberty Braves common stock made to all holders of Liberty Braves common stock. Furthermore, the Company entered into amended agreements with the counterparties with regard to adjustments related to the Recapitalization to the outstanding Series A common stock warrants as well as the outstanding cash convertible note hedges and purchased call options. See note 9 for a more detailed discussion of the amendments made to these financial instruments as a result of the Recapitalization.

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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

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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 well as Liberty's 1.375% Cash Convertible Notes due 2023 and related financial instruments. As of September 30, 2016, the Liberty Media Group has cash and cash equivalents of approximately $220 million. Additionally, as discussed in more detail in note 6, on September 7, 2016 Liberty, through its indirect wholly owned subsidiary Liberty GR Cayman Acquisition Company, entered into two definitive stock purchase agreements relating to the acquisition of Delta Topco Limited ("Delta Topco"), the parent company of Formula 1, a global motorsports business. The first purchase agreement was completed on September 7, 2016 and provided for the acquisition of slightly less than a 20% minority stake in Formula 1 on an undiluted basis. On October 27, 2016 under the terms of the first purchase agreement, Liberty acquired an additional incremental equity interest of Delta Topco, maintaining Liberty's investment in Delta Topco on an undiluted basis and increasing slightly to 19.1% on a fully diluted basis. Liberty's interest in Delta Topco and by extension Formula 1 is attributed to the Liberty Media Group. It is expected that Liberty will acquire 100% of the fully diluted equity interests of Delta Topco, other than a nominal number of shares held by certain Formula 1 teams, in a closing under the second purchase agreement (and following the unwind of the first purchase agreement) upon the satisfaction of certain conditions, including certain regulatory and stockholder approvals as discussed in note 6. The second closing is expected to occur in the first quarter of 2017. Liberty's anticipated acquired interest in Formula 1, along with existing Formula 1 cash and debt (which will be non-recourse to Liberty), will be attributed to the Liberty Media Group, which will be renamed the Formula One Group upon completion of the second closing (subject to stockholder approval), and the ticker symbols for the Series A, Series B and Series C Liberty Media Group tracking stocks will be changed from LMC (A/B/K), respectively, to FWON (A/B/K), respectively.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

As part of the Recapitalization, the Liberty Media Group initially held a 20% intergroup interest in the Liberty Braves Group. As a result of the rights offering, the number of notional shares representing the intergroup interest held by the Liberty Media Group was adjusted to 9,084,940, representing a 15.5% intergroup interest in the Liberty Braves Group at September 30, 2016. The intergroup interest is a quasi-equity interest which is not represented by outstanding shares of common stock; rather, the Liberty Media Group has an attributed value in the Liberty Braves Group which is generally stated in terms of a number of shares of Series C Liberty Braves common stock issuable to the Liberty Media Group with respect to its interest in the Liberty Braves Group. The intergroup interest may be settled, at the discretion of the Board of Directors, through the transfer of newly issued shares of Liberty Braves common stock, cash and/or other assets to the Liberty Media Group. Accordingly, the intergroup interest attributable to the Liberty Media Group is presented as an asset and the intergroup interest attributable to the Liberty Braves Group is presented as a liability in the attributed financial statements and the offsetting amounts between tracking stock groups are eliminated in consolidation. The intergroup interest will remain outstanding until the redemption of the outstanding interest, at the discretion of the Company's Board of Directors, through transfer of securities, cash and/or other assets from the Liberty Braves Group to the Liberty Media Group.

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

(3) Stock-Based Compensation

Liberty grants, to certain of its directors, employees and employees of its subsidiaries, restricted stock, restricted stock units and stock options to purchase shares of its common stock (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an equity classified Award (such as stock options and restricted stock) based on the grant-date fair value of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). The Company measures the cost of employee services received in exchange for a liability classified Award based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date.

In connection with the Recapitalization, all outstanding Awards with respect to Liberty Media Corporation common stock ("Liberty Awards") were adjusted pursuant to the anti-dilution provisions of the incentive plans under which the equity awards were granted, such that a holder of a Liberty Media Corporation Award received new corresponding equity awards relating to shares of one or more of Liberty SiriusXM common stock (a "Liberty Sirius XM Award"), Liberty Braves common stock (a "Liberty Braves Award") and Liberty Media common stock (a "Liberty Media Award") (collectively, the "Adjusted Liberty Awards").

The exercise prices and number of shares subject to the Adjusted Liberty Awards were determined based on 1) the exercise prices and number of shares subject to the Liberty Media Corporation Award, 2) the distribution ratios, 3) the pre-Recapitalization trading price of Liberty Media Corporation common stock and 4) the post-Recapitalization trading prices of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Media common stock, such that all of the pre-Recapitalization value of the Liberty Media Corporation Awards was allocated among the Adjusted Liberty Awards.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

Included in the accompanying condensed consolidated statements of operations are the following amounts of stock-based compensation, a portion of which relates to SIRIUS XM, as discussed below:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	(amounts in millions)			
Cost of subscriber services:				
Programming and content	$ 6	5	14	13
Customer service and billing	1	1	3	4
Other	1	2	3	6
Other operating expense	3	5	9	13
Selling, general and administrative	30	43	80	111
	$ 41	56	109	147

In connection with our CEO's employment agreement, Liberty granted approximately 775 thousand options of Series C Liberty Media Corporation common stock and 39 thousand performance-based restricted stock units of Series C Liberty Media Corporation common stock. Such options and restricted stock units had a grant-date fair value of $8.91 per share and $37.76 per share, respectively. These options mainly vest on December 31, 2016, and the performance-based restricted stock units cliff vest in one year, subject to satisfaction of certain performance objectives. Performance objectives, which are subjective, are considered in determining the timing and amount of the compensation expense recognized. As the satisfaction of the performance objectives becomes probable, the Company records compensation expense. The value of the grant is remeasured at each reporting period.

Also during the nine months ended September 30, 2016, Liberty granted 100 thousand, 371 thousand and 36 thousand options to purchase shares of Series C common stock of Liberty Media, Liberty SiriusXM and Liberty Braves, respectively. Such options had a weighted average grant-date fair value ("GDFV") of $4.90, $7.45 and $3.58 per share, respectively, and vests 50% each on December 31, 2019 and 2020.

The Company did not grant any options to purchase Series A or Series B of Liberty Media, Liberty SiriusXM or Liberty Braves common stock during the nine months ended September 30, 2016.

Liberty calculates the GDFV for all of its equity classified awards and the subsequent remeasurement of its liability classified and certain performance-based awards using the Black-Scholes Model. Liberty estimates the expected term of the Awards based on historical exercise and forfeiture data. The volatility used in the calculation for Awards is based on the historical volatility of Liberty common stock and the implied volatility of publicly traded Liberty options. Liberty uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject Awards.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

Liberty—Outstanding Awards

The following tables present the number and weighted average exercise price ("WAEP") of Awards to purchase Liberty common stock granted to certain officers, employees and directors of the Company and certain Awards of employees of Starz.

Liberty Media

	Series A			
	Liberty Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2016	2,360	$ 23.36		
Granted	—	$ —		
Exercised	(194)	$ 20.72		
Forfeited/Cancelled	—	$ —		
Recapitalization adjustment	(1,682)	$ 10.64		
Outstanding at September 30, 2016	484	$ 11.55	2.5 years	$ 8
Exercisable at September 30, 2016	465	$ 11.51	2.4 years	$ 8

	Series C			
	Liberty Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2016	10,613	$ 30.09		
Granted	876	$ 35.77		
Exercised	(443)	$ 20.66		
Forfeited/Cancelled	(1)	$ 36.95		
Recapitalization adjustment	(8,351)	$ 14.08		
Outstanding at September 30, 2016	2,694	$ 14.98	4.7 years	$ 35
Exercisable at September 30, 2016	1,096	$ 12.03	2.9 years	$ 18

Liberty SiriusXM

	Series A			
	Liberty Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2016	—	$ —		
Recapitalization adjustment	2,235	$ 19.33		
Granted	—	$ —		
Exercised	(119)	$ 18.70		
Forfeited/Cancelled	—	$ —		
Outstanding at September 30, 2016	2,116	$ 19.36	2.5 years	$ 31
Exercisable at September 30, 2016	2,033	$ 19.27	2.4 years	$ 30

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Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

	Series C					
	Liberty Awards (000's)		WAEP	Weighted average remaining life		Aggregate intrinsic value (millions)
Outstanding at January 1, 2016	—	$	—			
Recapitalization adjustment	11,154	$	25.34			
Granted	371	$	31.72			
Exercised	(177)	$	19.40			
Forfeited/Cancelled	(3)	$	30.39			
Outstanding at September 30, 2016	11,345	$	25.64	4.6 years	$	88
Exercisable at September 30, 2016	4,843	$	20.60	2.9 years	$	62

Liberty Braves

	Series A					
	Liberty Awards (000's)		WAEP	Weighted average remaining life		Aggregate intrinsic value (millions)
Outstanding at January 1, 2016	—	$	—			
Recapitalization adjustment	207	$	11.30			
Granted	—	$	—			
Exercised	(18)	$	11.42			
Forfeited/Cancelled	—	$	—			
Outstanding at September 30, 2016	189	$	11.29	2.5 years	$	1
Exercisable at September 30, 2016	182	$	11.25	2.4 years	$	1

	Series C					
	Liberty Awards (000's)		WAEP	Weighted average remaining life		Aggregate intrinsic value (millions)
Outstanding at January 1, 2016	—	$	—			
Recapitalization adjustment	1,071	$	14.74			
Granted	36	$	15.27			
Exercised	(38)	$	11.19			
Forfeited/Cancelled	—	$	—			
Outstanding at September 30, 2016	1,069	$	14.88	4.7 years	$	3
Exercisable at September 30, 2016	430	$	12.06	2.9 years	$	2

As of September 30, 2016 , the total unrecognized compensation cost related to unvested Awards was approximately $49 million . Such amount will be recognized in the Company's condensed consolidated statements of operations over a weighted average period of approximately 2.8 years.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

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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) Earnings Attributable to Liberty Media Corporation Stockholders Per Common Share

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) by the weighted average number of common shares 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) attributable to shareholders.

As discussed in note 2, on April 15, 2016, the Company completed a recapitalization of its common stock into three new tracking stock groups, one designated as the Liberty SiriusXM common stock, one designated as the Liberty Braves common stock and one designated as the Liberty Media common stock. The operating results prior to the Recapitalization are attributed to Liberty Media Corporation stockholders in the aggregate, and the operating results subsequent to the Recapitalization are attributed to the respective tracking stock groups.

Excluded from diluted EPS for the period subsequent to the Recapitalization through September 30, 2016 are approximately 21 million potentially dilutive shares of Series A Liberty SiriusXM common stock, 3 million potentially dilutive shares of Series A Liberty Braves common stock and 5 million potentially dilutive shares of Series A Liberty Media common stock, primarily due to warrants issued in connection with the Bond Hedge Transaction (note 9), because their inclusion would be antidilutive. The Amended Warrant Transactions (note 9) may have a dilutive effect with respect to the shares comprising the Securities Basket underlying the warrants to the extent that the settlement price exceeds the strike price of the warrants, and the warrants are settled in shares comprising such Securities Basket. The warrants and any potential future settlement have been attributed to the Liberty Media Group.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

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

The basic and diluted EPS calculations are based on the following weighted average outstanding shares of common stock.

	Liberty Media Corporation Common Stock			
	Three months ended September 30, 2016	Three months ended September 30, 2015	January 1, 2016 through April 15, 2016	Nine months ended September 30, 2015
	numbers of shares in millions			
Basic WASO	NA	335	335	338
Potentially dilutive shares	NA	3	2	3
Diluted WASO	NA	338	337	341

Excluded from diluted EPS for the period ended April 15, 2016 were 23 million potential common shares, primarily due to warrants issued in connection with the Bond Hedge Transaction (note 9), because their inclusion would have been antidilutive.

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

The basic and diluted EPS calculations are based on the following weighted average outstanding shares of common stock.

	Liberty SiriusXM Common Stock			
	Three months ended September 30, 2016	Three months ended September 30, 2015	April 15, 2016 through September 30, 2016	Nine months ended September 30, 2015
	numbers of shares in millions			
Basic WASO	335	NA	335	NA
Potentially dilutive shares	2	NA	2	NA
Diluted WASO	337	NA	337	NA

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

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

The basic and diluted EPS calculations are based on the following weighted average outstanding shares of common stock.

	Liberty Braves Common Stock			
	Three months ended September 30, 2016 (a)(b)(c)	Three months ended September 30, 2015	April 15, 2016 through September 30, 2016 (a)(b)(c)	Nine months ended September 30, 2015
	numbers of shares in millions			
Basic WASO	49	NA	43	NA
Potentially dilutive shares	10	NA	10	NA
Diluted WASO	59	NA	53	NA

(a) As discussed in note 2, subsequent to the Recapitalization, Liberty distributed subscription rights to holders of Liberty Braves common stock, which were priced at a discount to the market value, to acquire additional shares of Liberty Braves common stock. The rights offering, because of the discount, is considered a stock dividend which requires retroactive treatment for prior periods for the weighted average shares outstanding.

(b) Potentially dilutive shares are excluded from the computation of diluted EPS during periods in which losses are reported since the result would be antidilutive.

(c) As discussed in note 2, following the Recapitalization and Series C Liberty Braves common stock rights offering, the number of notional shares representing the Liberty Media Group's intergroup interest in the Liberty Braves Group was adjusted to 9,084,940 shares. The intergroup interest is a quasi-equity interest which is not represented by outstanding shares of common stock; rather, the Liberty Media Group has an attributed value in the Liberty Braves Group which is generally stated in terms of a number of shares of stock issuable to the Liberty Media Group with respect to its interest in the Liberty Braves Group. Each reporting period, the notional shares representing the intergroup interest are marked to fair value. As the notional shares underlying the intergroup interest are not represented by outstanding shares of common stock, such shares have not been officially designated Series A, B or C Liberty Braves common stock. However, Liberty has assumed that the notional shares (if and when issued) would be comprised of Series C Liberty Braves common stock in order to not dilute voting percentages. Therefore, the market price of Series C Liberty Braves common stock is used for the quarterly mark-to-market adjustment through the unaudited attributed condensed consolidated statements of operations . The notional shares representing the intergroup interest have no impact on the basic earnings per share weighted average number of shares outstanding. However, the notional shares representing the intergroup interest are included in the diluted earnings per share WASO as if the shares had been issued and outstanding during the period. An adjustment is also made to the numerator in the diluted earnings per share calculation for the unrealized gain or loss incurred from marking the intergroup interest to fair value during the period as follows:

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Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

	Three months ended September 30, 2016	Three months ended September 30, 2015	April 15, 2016 through September 30, 2016	Nine months ended September 30, 2015
	amounts in millions			
Basic earnings (loss) attributable to Liberty Braves shareholders	$ (22)	NA	10	NA
Unrealized (gain) loss on the intergroup interest	25	NA	(2)	NA
Diluted earnings (loss) attributable to Liberty Braves shareholders	$ 3	NA	8	NA

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

The basic and diluted EPS calculations are based on the following weighted average outstanding shares of common stock.

	Liberty Media Common Stock			
	Three months ended September 30, 2016	Three months ended September 30, 2015	April 15, 2016 through September 30, 2016	Nine months ended September 30, 2015
	numbers of shares in millions			
Basic WASO	84	NA	84	NA
Potentially dilutive shares	1	NA	1	NA
Diluted WASO	85	NA	85	NA

(5) Assets and Liabilities Measured at Fair Value

For assets and liabilities required to be reported at fair value, GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs, other than quoted market prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Liberty does not have any assets or liabilities required to be measured at fair value considered to be Level 3.

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Notes to Condensed Consolidated Financial Statements (Continued)

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Liberty's assets and liabilities measured at fair value are as follows:

	Fair Value Measurements at September 30, 2016			Fair Value Measurements at December 31, 2015		
Description	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**
	amounts in millions					
Cash equivalents	$ 317	317	—	68	68	—
Short term marketable securities	$ —	—	—	15	15	—
Available-for-sale securities	$ 444	420	24	474	425	49
Financial instrument assets	$ 233	—	233	232	—	232
Debt	$ 1,510	—	1,510	995	—	995

The majority of Liberty's Level 2 financial assets and debt are primarily investments in debt related instruments and certain derivative instruments. The Company notes that these assets and liabilities are not always traded publicly or not considered to be traded on "active markets," as defined in GAAP. The fair values for such instruments are derived from a typical model using observable market data as the significant inputs or a trading price of a similar asset or liability is utilized. Accordingly, those available-for-sale securities, financial instruments and debt or debt related instruments are reported in the foregoing table as Level 2 fair value. The financial instrument assets classified as Level 2 in the table above are included in the Other assets line item in the condensed consolidated balance sheets. Short term marketable securities are included in the Other current assets line item in the condensed consolidated balance sheets.

Realized and Unrealized Gains (Losses) on Financial Instruments

Realized and unrealized gains (losses) on financial instruments are comprised of changes in the fair value of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
	amounts in millions			
Fair Value Option Securities	$ 14	(117)	43	(139)
Exchangeable senior debentures (note 9)	(23)	—	(23)	—
Cash convertible notes (a)	(53)	(19)	(52)	30
Change in fair value of bond hedges (a)	69	(9)	1	(47)
Other derivatives (b)	—	(55)	(2)	(32)
	$ 7	(200)	(33)	(188)

(a) Liberty issued $1 billion of cash convertible notes in October 2013 which are accounted for at fair value (Level 2), as elected by Liberty at the issuance of the notes. Contemporaneously with the issuance of the convertible notes, Liberty entered into privately negotiated cash convertible note hedges, which are expected to offset potential cash payments Liberty would be required to make in excess of the principal amount of the convertible notes, upon conversion of the notes. The bond hedges are marked to market based on the trading price of underlying securities and other observable market data as the significant inputs (Level 2). See note 9 for additional discussion of the convertible notes and the bond hedges.

(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 Securities"). Accordingly, changes in the fair value of Fair Value Option Securities, as determined by quoted market prices, are reported in realized and unrealized gains (losses) on financial instruments in the accompanying condensed consolidated statements of operations.

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Notes to Condensed Consolidated Financial Statements (Continued)

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

	September 30, 2016	December 31, 2015
	amounts in millions	
Liberty SiriusXM Group		
Other AFS and cost investments	$ —	—
Total attributed Liberty Sirius Group	—	—
Liberty Braves Group		
Other AFS and cost investments	8	8
Total attributed Liberty Braves Group	8	8
Liberty Media Group		
Fair Value Option Securities		
Time Warner, Inc. (a)	339	275
Viacom, Inc. (b)	70	76
Other equity securities	11	74
Other debt securities	—	25
Total Fair Value Option Securities	420	450
AFS and cost investments		
Formula 1	746	—
Live Nation debt securities	24	24
Other AFS and cost investments	51	51
Total AFS and cost investments	821	75
Total attributed Liberty Media Group	1,241	525
Consolidated Liberty	$ 1,249	533

(a) See note 9 for details regarding the number and fair value of shares pledged as collateral pursuant to the Braves Holdings mixed-use development facility as of September 30, 2016.

(b) During the nine months ended September 30, 2015, Liberty sold 1.8 million shares of Viacom common stock for approximately $122 million in proceeds.

Formula 1

On September 7, 2016 Liberty, through its indirect wholly owned subsidiary Liberty GR Cayman Acquisition Company, entered into two definitive stock purchase agreements relating to the acquisition of Delta Topco, the parent company of Formula 1, a global motorsports business, from a consortium of sellers led by CVC Capital Partners ("CVC"). The first purchase agreement was completed on September 7, 2016 and provided for Liberty's acquisition of slightly less than a 20% minority stake in Formula 1 on an undiluted basis for $746 million, funded entirely in cash (which is equal to $821 million in consideration less a $75 million discount to be repaid by Liberty to selling stockholders upon completion of the acquisition). On October 27, 2016, under the terms of the first purchase agreement, Liberty acquired an additional incremental equity interest of Delta Topco, maintaining Liberty's investment in Delta Topco on an undiluted basis and increasing slightly to 19.1% on a fully diluted basis. It is expected that Liberty will acquire 100% of the fully diluted equity interests of Delta Topco, other than a nominal number of shares held by certain Formula 1 teams, in a closing under the

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

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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 Series C Liberty Media Group tracking stock (LMCK) and a debt instrument exchangeable into LMCK shares. In the acquisition the selling stockholders will receive a mix of consideration comprising $1.1 billion in cash (including the cash consideration delivered to certain selling shareholders of Delta Topco under the first stock purchase agreement on September 7, 2016 and October 27, 2016), 138 million newly issued shares of LMCK and an approximately $351 million exchangeable debt instrument to be issued by Delta Topco and exchangeable into shares of LMCK. Funding for the cash component of the acquisition is expected to come from cash on hand at the Liberty Media Group, debt financing backed by some of our public equity securities and potential liquidity from Liberty Media Group’s portfolio of public equity securities. The newly issued LMCK shares will be subject to market co-ordination and lock-up agreements. If the acquisition is completed, the consortium of sellers led by CVC will own approximately 65% of the pro forma equity interest in the then re-named Formula One Group, inclusive of the dilutive effect of the exchangeable debt instrument (based on the number of shares outstanding on July 31, 2016), and will have board representation at Formula 1.

The completion of the acquisition is subject to certain conditions, including the receipt of: (i) certain clearances and approvals by antitrust and competition law authorities in various countries, (ii) certain third-party consents and approvals, including that of the Fédération Internationale de l'Automobile, the governing body of Formula 1, and (iii) the approval of Liberty's stockholders of the issuance of LMCK shares in connection with the acquisition. Liberty has agreed to use its reasonable endeavors to solicit proxies to approve the issuance of LMCK shares in connection with the acquisition and to approve the name change of the Liberty Media Group to the Formula One Group. Additional information regarding the acquisition of Formula 1 will be included in a proxy statement to be filed by Liberty with the SEC (a preliminary filing of which has been made) relating to the matters to be voted upon by Liberty's stockholders described above.

Unrealized Holding Gains and Losses

There were no unrealized holding gains and losses related to investments in AFS securities as of September 30, 2016 or December 31, 2015.

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Notes to Condensed Consolidated Financial Statements (Continued)

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(7) Investments in Affiliates Accounted for Using the Equity Method

Liberty has various investments accounted for using the equity method. The following table includes the Company's carrying amount and percentage ownership of the more significant investments in affiliates at September 30, 2016 and the carrying amount at December 31, 2015:

	September 30, 2016			December 31, 2015
	Percentage ownership	Fair Value (Level 1)	Carrying amount	Carrying amount
	dollar amounts in millions			
Liberty SiriusXM Group				
SIRIUS XM Canada	37 %	$ 171	$ 165	153
Total Liberty SiriusXM Group			165	153
Liberty Braves Group				
Other	various	NA	56	39
Total Liberty Braves Group			56	39
Liberty Media Group				
Live Nation (a)	34 %	$ 1,914	776	764
Other	various	NA	159	159
Total Liberty Media Group			935	923
Consolidated Liberty			$ 1,156	1,115

(a) See note 9 for details regarding the number and fair value of shares pledged as collateral pursuant to certain margin loan agreements as of September 30, 2016.

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	amounts in millions			
Liberty SiriusXM Group				
SIRIUS XM Canada	$ 2	1	11	(3)
Total Liberty SiriusXM Group	2	1	11	(3)
Liberty Braves Group				
Other	2	2	6	6
Total Liberty Braves Group	2	2	6	6
Liberty Media Group				
Live Nation	33	23	25	6
Other	—	3	1	(17)
Total Liberty Media Group	33	26	26	(11)
Consolidated Liberty	$ 37	29	43	(8)

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Notes to Condensed Consolidated Financial Statements (Continued)

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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 and XM platforms, respectively, royalties for activation fees and premium services and reimbursement for other charges. At September 30, 2016, SIRIUS XM has approximately $3 million and $9 million in current and noncurrent related party liabilities, respectively, related to these agreements described above with SIRIUS XM Canada which are recorded in current and noncurrent other liabilities, respectively, in the Company's condensed consolidated balance sheet. Additionally, SIRIUS XM has approximately $5 million in current related party assets at September 30, 2016 due to activation fees and streaming and chipset costs for which SIRIUS XM Canada reimburses SIRIUS XM that are recorded in other current assets in the Company's condensed consolidated balance sheet. SIRIUS XM recorded approximately $12 million and $18 million in revenue for the three months ended September 30, 2016 and 2015, respectively, and $32 million and $44 million for the nine months ended September 30, 2016 and 2015, respectively, associated with these various agreements in the other revenue line in the condensed consolidated statements of operations. SIRIUS XM Canada declared dividends to SIRIUS XM of $4 million during the three months ended September 30, 2015 and $8 million and $12 million during each of the nine months ended September 30, 2016 and 2015, respectively. No dividends were declared during the three months ended September 30, 2016.

On May 12, 2016, a subsidiary of SIRIUS XM, Sirius XM Radio Inc. ("Sirius XM Radio"), entered into an arrangement agreement (the "Arrangement Agreement") with SIRIUS XM Canada. Pursuant to the Arrangement Agreement, SIRIUS XM Radio and certain Canadian shareholders will form a new company to acquire shares of SIRIUS XM Canada not already owned by them pursuant to a plan of arrangement (the "Transaction"). In connection with the Transaction, SIRIUS XM Canada's shareholders will be entitled to elect to receive, for each share of SIRIUS XM Canada held, C$4.50 (U.S.$3.50 as of May 12, 2016) in (i) cash, (ii) shares of SIRIUS XM's common stock, (iii) a security exchangeable for shares of SIRIUS XM's common stock, or (iv) a combination thereof; provided that no more than 50% of the total consideration in the Transaction (or up to 35 million shares) will be issued in SIRIUS XM common stock and exchangeable shares. All of the obligations of SIRIUS XM Radio under the Arrangement Agreement are guaranteed by SIRIUS XM.

Following the Transaction, SIRIUS XM Radio is expected to hold a 70% economic interest and 33% voting interest in SIRIUS XM Canada, with the remainder of the voting power and economic interest held by Slaight Communications and Obelysk Media, two of SIRIUS XM Canada's current Canadian shareholders. SIRIUS XM Radio expects to contribute to SIRIUS XM Canada approximately U.S. $275 million in connection with the Transaction (assuming that all shareholders elect to receive cash in connection with the Transaction), which amount is expected to be used to pay the cash consideration to SIRIUS XM Canada's shareholders and will be decreased proportionately if shareholders elect to receive consideration in shares of SIRIUS XM common stock or securities exchangeable for SIRIUS XM common stock.

The Transaction has been approved by the shareholders of SIRIUS XM Canada and the required court approval. The Transaction remains subject to receipt of Canadian Radio-Television and Telecommunications Commission approval. Pending receipt of all necessary approvals, the Transaction is expected to close in the fourth quarter of 2016.

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Notes to Condensed Consolidated Financial Statements (Continued)

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(8) Intangible Assets

Goodwill and Intangible Assets Not Subject to Amortization

There were no changes in the carrying amounts of goodwill or other intangible assets not subject to amortization during the nine months ended September 30, 2016.

Intangible Assets Subject to Amortization

	September 30, 2016			December 31, 2015		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	amounts in millions					
Customer relationships	$ 838	(222)	616	838	(179)	659
Licensing agreements	316	(102)	214	316	(81)	235
Other	713	(473)	240	609	(406)	203
Total	$ 1,867	(797)	1,070	1,763	(666)	1,097

Amortization expense for intangible assets with finite useful lives was $45 million and $44 million for the three months ended September 30, 2016 and 2015, respectively, and $131 million and $116 million for the nine months ended September 30, 2016 and 2015, respectively. Based on its amortizable intangible assets as of September 30, 2016, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

Remainder of 2016	$ 42
2017	$ 176
2018	$ 138
2019	$ 117
2020	$ 114

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(unaudited)

(9) Long-Term Debt

Debt is summarized as follows:

	Outstanding Principal September 30, 2016	Carrying value September 30, 2016	Carrying value December 31, 2015
	amounts in millions		
Liberty SiriusXM Group			
Corporate level notes and loans:			
Margin Loans	$ 250	250	250
Subsidiary notes and loans:			
SIRIUS XM 5.875% Senior Notes due 2020	650	646	645
SIRIUS XM 5.75% Senior Notes due 2021	600	596	596
SIRIUS XM 5.25% Senior Secured Notes due 2022	400	405	406
SIRIUS XM 4.25% Senior Notes due 2020	500	497	496
SIRIUS XM 4.625% Senior Notes due 2023	500	496	496
SIRIUS XM 6% Senior Notes due 2024	1,500	1,486	1,485
SIRIUS XM 5.375% Senior Notes due 2025	1,000	990	989
SIRIUS XM 5.375% Senior Notes due 2026	1,000	989	—
SIRIUS XM Credit Facility	—	—	340
SIRIUS XM leases	14	14	13
Less deferred financing costs	(7)	(7)	(7)
Total Liberty SiriusXM Group	6,407	6,362	5,709
Liberty Braves Group			
Subsidiary notes and loans:			
Notes and loans	220	220	147
Less deferred financing costs	(9)	(9)	(8)
Total Liberty Braves Group	211	211	139
Liberty Media Group			
Corporate level notes and loans:			
Liberty 1.375% Cash Convertible Notes due 2023	1,000	1,048	995
2.25% Exchangeable Senior Debentures due 2046	445	462	—
Other	36	36	38
Total Liberty Media Group	1,481	1,546	1,033
Total debt	$ 8,099	8,119	6,881
Less debt classified as current		(609)	(255)
Total long-term debt		$ 7,510	6,626

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, the initial conversion rate for the Convertible Notes 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.

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 (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.

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.

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 Media Corporation common stock, as measured under the cash convertible note hedge transactions on each trading day of the relevant cash settlement averaging period or other relevant valuation period, is greater than the strike price of Series A Liberty Media Corporation common stock, which corresponds to the 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, the number of shares covered by the Bond Hedge Transaction was adjusted to 21,085,900 shares of Series A Liberty Media Corporation common stock and the strike price was adjusted to $47.43 per share of Series A Liberty Media Corporation common stock, which corresponded to the adjusted conversion price of the Convertible Notes. In connection with the Recapitalization and the entry into the supplemental indenture on April 15, 2016, Liberty entered into amendments to the Bond Hedge Transaction with each of the counterparties to reflect the adjustments resulting from the Recapitalization. As of the effective date of the Recapitalization, the Bond Hedge Transaction covered, in the aggregate, 5,271,475 shares of Series A Liberty Media common stock, 21,085,900 shares of Series A Liberty SiriusXM common stock and 2,108,590 shares of Series A Liberty Braves common stock, subject to anti-dilution adjustments pertaining to the Convertible Notes, which was equal to the aggregate number of shares comprising the Securities Basket underlying the Convertible Notes at that time. The aggregate number of shares of Series A Liberty Braves common stock relating to the Bond Hedge Transaction was increased to 2,292,037, pursuant to anti-dilution adjustments arising out of the rights distribution (note 2). As of September 30, 2016, the basket price of the securities underlying the Bond Hedge Transaction was $43.04 per share. The expiration of these instruments is October 15, 2023. The fair value of these instruments is included in Other assets, at cost, net of accumulated amortization as of September 30, 2016 and December 31, 2015 in the accompanying condensed consolidated balance sheets, with changes in the fair value recorded as unrealized gains (losses) on financial instruments in the accompanying condensed consolidated statements of operations.

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Concurrently with the Convertible Notes and Bond Hedge Transaction, Liberty also entered into separate privately negotiated warrant transactions under which Liberty sold warrants relating to the same number of shares of common stock as underlie the Bond Hedge Transaction, subject to anti-dilution adjustments ("Warrant Transactions"). The first expiration date of the warrants is January 16, 2024 and expire over a period covering 81 days thereafter. Liberty may elect to settle its delivery obligation under the Warrant Transactions with cash. As of December 31, 2015, there were 21,085,900 warrants outstanding with a strike price of $64.46 per share. In connection with the Recapitalization, Liberty entered into amendments to the Warrant Transactions with each of the option counterparties to reflect the adjustments to the Warrant Transactions resulting from the Recapitalization ("Amended Warrant Transactions"). As of the effective date of the Recapitalization, the Amended Warrant Transactions covered, in the aggregate, 5,271,475 shares of Series A Liberty Media common stock, 21,085,900 shares of Series A Liberty SiriusXM common stock and 2,108,590 shares of Series A Liberty Braves common stock, subject to anti-dilution adjustments. The aggregate number of shares of Series A Liberty Braves common stock relating to the Amended Warrant Transactions was increased to 2,292,037 pursuant to anti-dilution adjustments arising out of the rights distribution. The strike price of the warrants was adjusted, as a result of the Recapitalization and the rights offering, to $61.16 per share. As of September 30, 2016, the basket price of the securities underlying the Amended Warrant Transactions was $43.04 per share. The Amended Warrant Transactions may have a dilutive effect with respect to the shares comprising the Securities Basket underlying the warrants to the extent that the settlement price exceeds the strike price of the warrants, and the warrants are settled in shares comprising such Securities Basket.

The Convertible Notes, Bond Hedge Transaction and warrant transactions were attributed to the Liberty Media Group in the Recapitalization.

2.25% Exchangeable Senior Debentures due 2046

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

The debentures, as well as the associated cash proceeds, were attributed to the Liberty Media Group. Liberty used the net proceeds of the offering for the acquisition of an investment in Formula 1 during September 2016, as further described in note 6. Liberty has elected to account for the debentures using the fair value option. Accordingly, changes in the fair value of these instruments are recognized as unrealized gains (losses) in the condensed consolidated statements of operations.

The debentures have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws and, unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The debentures were offered by means of an offering memorandum solely to "Qualified Institutional Buyers" pursuant to, and as that term is defined in, Rule 144A of the Securities Act.

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On October 22, 2016, AT&T Inc. ("AT&T") and Time Warner announced that they have entered into a definitive agreement under which AT&T will acquire Time Warner in a stock-and-cash transaction. The transaction is expected to close before year-end 2017, subject to approval by Time Warner shareholders and review by the U.S. Department of Justice, as well as potential review by the FCC. If the acquisition is consummated, in accordance with the terms of the indenture governing the 2.25% Exchangeable Senior Debentures due 2046, the cash portion of the acquisition consideration will be paid as an extraordinary additional distribution to holders of debentures, and the stock portion of the acquisition consideration will become reference shares attributable to the debentures. Additionally, if the acquisition is consummated, any amount of excess regular quarterly cash dividends paid on the AT&T reference shares will be distributed by the Company to holders of the debentures as an additional distribution.

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 common stock were pledged as collateral pursuant to this agreement. The term loan and any drawn portion of the revolver carried an interest rate of LIBOR plus an applicable spread between 1.75% and 2.25% (based on the value of collateral) with the undrawn portion carrying a fee of 0.75%. Borrowings outstanding under this margin loan bore interest at a rate of 2.27% per annum at September 30, 2016. Other terms of the agreement were substantially similar to the previous arrangement. As of September 30, 2016, availability under the revolving line of credit was $1 billion.

During October 2016, Liberty refinanced this margin loan arrangement for a similar financial instrument with a term loan of $250 million and a $500 million undrawn line of credit, which is scheduled to mature during October 2018. Shares of SIRIUS XM common stock are pledged as collateral pursuant to this agreement, and shares of Live Nation common stock are no longer pledged as collateral. The new term loan and any drawn portion of the revolver carries an interest rate of LIBOR plus 1.75% with the undrawn portion carrying a fee of 0.75%. Other terms of the agreement were substantially similar to the previous arrangement.

As of September 30, 2016, the value of shares pledged as collateral pursuant to the original $1.25 billion margin loan due 2016 is as follows:

Investment	Number of Shares Pledged as Collateral as of September 30, 2016	Share value as of September 30, 2016
	amounts in millions	
SIRIUS XM	145.4	$ 606
Live Nation	4.2	$ 116

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

SIRIUS XM 5.375% Senior Notes due 2026

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

SIRIUS XM 5.875% Senior Notes due 2020

During October 2016, SIRIUS XM redeemed $650 million principal amount of its 5.875% Senior Notes due 2020 for an approximate purchase price of $669 million, including premium, which will result in the recognition of a loss on extinguishment of debt of approximately $24 million in the fourth quarter of 2016. This redemption was funded with $359 million of cash and cash equivalents and $310 million of borrowings under the Credit Facility (discussed below). As a result, the portion of the redemption funded in cash was reclassified to current debt as of September 30, 2016.

SIRIUS XM Senior Secured Revolving Credit Facility

SIRIUS XM has entered into a Senior Secured Revolving Credit Facility (the "Credit Facility") with a syndicate of financial institutions with a total borrowing capacity of $1,750 million which matures in June 2020. The Credit Facility is guaranteed by certain of SIRIUS XM's material domestic subsidiaries and is secured by a lien on substantially all of SIRIUS XM's assets and the assets of its material domestic subsidiaries. Interest on borrowings is payable on a monthly basis and accrues at a rate based on LIBOR plus an applicable rate. SIRIUS XM is also required to pay a variable fee on the average daily unused portion of the Credit Facility which as of September 30, 2016 was 0.25% per annum and is payable on a quarterly basis.

As of September 30, 2016 , availability under the Credit Facility was $1,750 million .

Braves Holdings Notes

In 2014, Braves Holdings, through a wholly-owned subsidiary, purchased 82 acres of land for the purpose of constructing a Major League Baseball facility and development of a mixed-use complex adjacent to the ballpark. The new facility is expected to cost approximately $672 million and Braves Holdings expects to spend approximately $50 million in other costs and equipment related to the new ballpark. Funding for the ballpark will be split between Braves Holdings, Cobb County and Cobb-Marietta Coliseum and Exhibit Hall Authority. Cobb-Marietta Coliseum and Exhibit Hall Authority and Cobb County (collectively the "Authority") will be responsible for funding $392 million of ballpark related construction and Braves Holdings will be responsible for remainder of cost, including cost overruns. Cobb-Marietta Coliseum and Exhibit Hall Authority issued $368 million in bonds during September 2015. Braves Holdings received $103 million of the bond proceeds during September 2015 as reimbursement for project costs paid for by Braves Holdings prior to the funding of the bonds. Funding for ballpark initiatives by Braves Holdings has come from cash reserves and utilization of two credit facilities.

During September 2015, Braves Holdings entered into a $345 million term loan (the "Braves Term Loan"). The Braves Term Loan initially bore interest at LIBOR plus an applicable spread between 1.50% and 1.75% (based on the debt service coverage ratio) per annum and an unused commitment fee of 0.35% per annum based on the average daily unused portion of the Braves Term Loan, payable quarterly in arrears. In connection with entering into the Braves Senior Secured Note during August 2016 (discussed below), Braves Holdings partially repaid and reduced the capacity on the Braves Term loan from $345 million to $130 million and amended the interest rate on the Braves Term Loan to LIBOR plus 1.75%. As of September 30, 2016, the interest rate on the Braves Term Loan was 2.27%. The Braves Term Loan is scheduled to mature during August 2021. In connection with entering into the Braves Term Loan, Braves Holdings partially repaid and reduced the capacity on one of the credit facilities from $250 million to $85 million for a total capacity under the credit facilities of $185 million. As of September 30, 2016, the weighted average interest rate on the credit facilities was 2.05%. As of September 30, 2016, Braves Holdings has borrowed approximately $186 million under the Braves Term Loan and two facilities.

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During August 2016, a subsidiary of Braves Holdings entered into a $200 million senior secured note which was funded during October 2016 (the "Braves Senior Secured Note"). The Braves Senior Secured Note bears interest at 3.77% per annum, payable semi-annually in arrears. The Braves Senor Secured Note is scheduled to mature during August 2041. A portion of the proceeds from the Braves Senior Secured Note were used to partially repay the Braves Term Loan, and the remaining funds will be used to finance the stadium construction.

Due to Braves Holdings providing the initial funding of the project and its ownership of the land during the initial construction period, until the initial reimbursement by the Authority during September 2015 at which time the land was conveyed to the Authority, Braves Holdings has been deemed the owner (for accounting purposes) of the stadium during the construction period and costs have been classified as construction in progress ("CIP"), within the Property and equipment, net line item. Future costs of the project will continue to be captured in CIP along with a corresponding liability in other liabilities, for amounts funded by the Authority. At the end of construction an additional determination will be made regarding whether the transaction will qualify for sale-leaseback accounting treatment.

In addition, Braves Holdings through affiliated entities and outside development partners are in the process of developing land around the ballpark for a mixed-use complex that is expected to feature retail, residential, office, hotel and entertainment opportunities. The estimated cost for mixed-use development is $558 million, of which Braves Holdings affiliated entities are expected to fund approximately $490 million through a mix of approximately $200 million in equity and $290 million in new debt. In December 2015, certain subsidiaries of Braves Holdings entered into three separate credit facilities totaling $207 million to fund a portion of the mixed use development costs. The maturity dates of the facilities range between December 2018 and December 2019, and all of the facilities contain two year extension options. Interest rates on the credit facilities bear interest at LIBOR plus an applicable spread between 2.0% and 2.6%, with certain step-downs upon lease of the mixed use facilities at the completion of construction. As of September 30, 2016, $34 million was drawn on these facilities with a weighted average interest rate of 2.60%. As discussed in note 6, 464 thousand Time Warner shares were pledged as collateral to these facilities. The fair value of the shares pledged as of September 30, 2016 was $37 million. Additionally, 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.

Debt Covenants

The SIRIUS XM Credit Facility contains certain financial covenants related to SIRIUS XM's leverage ratio. The Braves Term Loan contains certain financial covenants related to Braves Holdings' debt service coverage ratio and capital expenditures. Additionally, SIRIUS XM's Credit Facility, the Braves Term Loan and other borrowings contain certain non-financial covenants. The Company, SIRIUS XM and Braves Holdings are in compliance with all debt covenants as of September 30, 2016.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

Fair Value of Debt

The fair value, based on quoted market prices of the same instruments but not considered to be active markets (Level 2), of SIRIUS XM's publicly traded debt securities, not reported at fair value, are as follows (amounts in millions):

	September 30, 2016
SIRIUS XM 5.875% Senior Notes due 2020	$ 669
SIRIUS XM 5.75% Senior Notes due 2021	$ 629
SIRIUS XM 5.25% Senior Secured Notes due 2022	$ 422
SIRIUS XM 4.25% Senior Notes due 2020	$ 512
SIRIUS XM 4.625% Senior Notes due 2023	$ 503
SIRIUS XM 6% Senior Notes due 2024	$ 1,606
SIRIUS XM 5.375% Senior Notes due 2025	$ 1,038
SIRIUS XM 5.375% Senior Notes due 2026	$ 1,030

Due to the variable rate nature of the Credit Facility, margin loans and other debt the Company believes that the carrying amount approximates fair value at September 30, 2016.

(10) Commitments and Contingencies

Guarantees

In connection with agreements for the sale of assets by the Company or its subsidiaries, the Company may retain liabilities that relate to events occurring prior to its sale, such as tax, environmental, litigation and employment matters. The Company generally indemnifies the purchaser in the event that a third party asserts a claim against the purchaser that relates to a liability retained by the Company. These types of indemnification obligations may extend for a number of years. The Company is unable to estimate the maximum potential liability for these types of indemnification obligations as the sale agreements may not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, the Company has not made any significant indemnification payments under such agreements and no amount has been accrued in the accompanying condensed consolidated financial statements with respect to these indemnification guarantees.

Employment Contracts

The Atlanta Braves and certain of their players and coaches have entered into long-term employment contracts whereby such individuals' compensation is guaranteed. Amounts due under guaranteed contracts as of September 30, 2016 aggregated $223 million, which is payable as follows: $4 million in 2016, $74 million in 2017, $68 million in 2018, $33 million in 2019 and $44 million thereafter. In addition to the foregoing amounts, certain players and coaches may earn incentive compensation under the terms of their employment contracts.

Operating Leases

The Company and its subsidiaries lease business offices, have entered into satellite transponder lease agreements and use certain equipment under lease arrangements.

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 purported class action suits that allege that SIRIUS XM, or call center vendors acting on its behalf, made numerous 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, after the consumer revoked his or her prior consent. In one of the actions, the plaintiff alleges that SIRIUS XM violated the TCPA's call time restrictions, and in one of the other actions, the plaintiff also alleges that SRIUS XM violated the TCPA's do not call restrictions. These purported class action cases are titled Erik Knutson v. Sirius XM Radio Inc. , No. 12-cv-0418-AJB-NLS (S.D. Cal.), Francis W. Hooker v. Sirius XM Radio Inc. , No. 4:13-cv-3 (E.D. Va.), Yefim Elikman v. Sirius XM Radio Inc. and Career Horizons, Inc. , No. 1:15-cv-02093 (N.D. Ill.), and Anthony Parker v. Sirius XM Radio Inc. , No. 8:15-cv-01710-JSM-EAJ (M.D. Fla), and are described in Part I, Item 3., Legal Proceedings, in our Annual Report on Form 10-K for the year ended December 31, 2015.

SIRIUS XM has entered into an agreement to settle these purported class action suits. The settlement is expected to resolve the claims of consumers beginning in February 2008 relating to telemarketing calls to their mobile telephones. As part of this settlement, SIRIUS XM made a $35 million payment to a settlement fund (from which notice, administration and other costs and attorneys' fees will be paid) and is offering participating class members the option of receiving three months of SIRIUS XM's Select service for no charge, and will enter into agreements to make modifications to the practices of certain of SIRIUS XM's call center vendors. The settlement is subject to final court approval, which cannot be assured.

In August 2013, SoundExchange, Inc. filed a complaint in the United States District Court for the District of Columbia alleging that SIRIUS XM underpaid royalties for statutory licenses during the 2007-2012 rate period in violation of the regulations established by the Copyright Royalty Board for that period. SoundExchange principally alleges that SIRIUS XM improperly reduced its calculation of gross revenues, on which the royalty payments are based, by deducting non-recognized revenue attributable to pre-1972 recordings and Premier package revenue that is not "separately charged" as required by the regulations. SoundExchange is seeking compensatory damages of not less than $50 million and up to $100 million or more, payment of late fees and interest, and attorneys' fees and costs.

In August 2014, the United States District Court for the District of Columbia 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 SIRIUS XM believes it has substantial defenses to the claims asserted and intends to defend this action vigorously.

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

SIRIUS XM recognized $108 million in June 2015 for the portion of the $210 million Capitol Records lawsuit settlement related to SIRIUS XM's use of pre-1972 sound recordings for the periods prior to the Capitol Records lawsuit settlement during June 2015. The $108 million has been excluded from Adjusted OIBDA as this expense was not incurred as a part of the Company's normal operations for the period, and this lump sum amount does not relate to the on-going performance of the business. During the remainder of 2015, SIRIUS XM recognized approximately $19 million to Revenue share and royalties with respect to the Capitol Records lawsuit settlement related to SIRIUS XM's use of pre-1972 sound recordings during the period and is included as a component of Adjusted OIBDA. SIRIUS XM recognized approximately $10 million and $30 million to Revenue share and royalties within the unaudited condensed consolidated statement of operations with respect to the Capitol Records lawsuit settlement during the three and nine months ended September 30, 2016, respectively, related to SIRIUS XM's use of pre-1972 sound recordings during the period and is included as a component of Adjusted OIBDA. Of the remaining $53 million of the settlement, approximately $10 million and $43 million will be amortized to Revenue share and royalties within the unaudited condensed consolidated statement of operations over the future service period during the years ended December 31, 2016 and 2017, respectively.

(11) Information About Liberty's Operating Segments

The Company, through its ownership interests in subsidiaries and other companies, is primarily engaged in the media, communications and entertainment industries. The Company identifies its reportable segments as (A) those consolidated subsidiaries that represent 10% or more of its consolidated annual revenue, annual Adjusted OIBDA or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of the Company's annual pre-tax earnings.

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.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

Performance Measures

	Three months ended September 30,			
	2016		2015	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
Liberty SiriusXM Group				
SIRIUS XM	$ 1,276	490	1,165	451
Corporate and other	—	(8)	—	—
Total Liberty SiriusXM Group	1,276	482	1,165	451
Liberty Braves Group				
Corporate and other	109	16	119	30
Total Liberty Braves Group	109	16	119	30
Liberty Media Group				
Corporate and other	—	(13)	—	(8)
Total Liberty Media Group	—	(13)	—	(8)
	$ 1,385	485	1,284	473

	Nine months ended September 30,			
	2016		2015	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
Liberty SiriusXM Group				
SIRIUS XM	$ 3,711	1,380	3,360	1,275
Corporate and other	—	(9)	—	—
Total Liberty SiriusXM Group	3,711	1,371	3,360	1,275
Liberty Braves group				
Corporate and other	244	(8)	227	14
Total Liberty Braves group	244	(8)	227	14
Liberty Media group				
Corporate and other	—	(32)	—	(25)
Total Liberty Media group	—	(32)	—	(25)
	$ 3,955	1,331	3,587	1,264

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

Other Information

	September 30, 2016		
	Total assets	Investments in affiliates	Capital expenditures
	amounts in millions		
Liberty SiriusXM Group			
SIRIUS XM	$ 27,432	165	132
Total Liberty SiriusXM Group	27,432	165	132
Liberty Braves Group			
Corporate and other	1,369	56	185
Total Liberty Braves Group	1,369	56	185
Liberty Media Group			
Corporate and other	2,947	935	1
Total Liberty Media Group	2,947	935	1
Elimination (1)	(185)	—	—
Consolidated Liberty	$ 31,563	1,156	318

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	amounts in millions			
Consolidated segment Adjusted OIBDA	$ 485	473	1,331	1,264
Legal settlement, net (note 10)	—	—	511	(108)
Stock-based compensation	(41)	(56)	(109)	(147)
Depreciation and amortization	(92)	(96)	(272)	(272)
Interest expense	(98)	(84)	(272)	(244)
Share of earnings (losses) of affiliates, net	37	29	43	(8)
Realized and unrealized gains (losses) on financial instruments, net	7	(200)	(33)	(188)
Other, net	5	4	17	12
Earnings (loss) before income taxes	$ 303	70	1,216	309

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements in this Quarterly Report on Form 10-Q 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 Holdings Inc. ("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; and the anticipated non-material impact of certain contingent liabilities related to legal and tax proceedings; the proposed acquisition of Delta Topco Limited and by extension Formula 1 and other matters arising in the ordinary course of business. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors (as they relate to our consolidated subsidiaries and equity affiliates) that could cause actual results or events to differ materially from those anticipated:

- consumer demand for our products and services and our ability to adapt to changes in demand;
- competitor responses to our products and services;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- uncertainties associated with product and service development and market acceptance, including the development and provision of programming for satellite radio technologies;
- our significant dependence upon automakers;
- our ability to attract and retain subscribers at a profitable level in the future is uncertain;
- our future financial performance, including availability, terms and deployment of capital;
- the proposed acquisition of Delta Topco Limited and by extension Formula 1;
- our ability to successfully integrate and recognize anticipated efficiencies and benefits from the businesses we acquire;
- the ability of suppliers and vendors to deliver products, equipment, software and services;
- interruption or failure of our information technology and communication systems, including the failure of our satellites, could negatively impact our results and brand;
- royalties for music rights have increased and may continue to do so in the future;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission and consumer protection laws, and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners, vendors and joint ventures;
- general economic and business conditions and industry trends;
- consumer spending levels, including the availability and amount of individual consumer debt;
- rapid technological changes;
- impairments of third-party intellectual property rights;
- our indebtedness could adversely affect the 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 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 the entities in which we have interests, operate; and
- threatened terrorist attacks, political unrest in international markets and ongoing military action around the world.

For additional risk factors, please see Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2015, as well as Part II, Item 1A of this Quarterly Report. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto and our Annual Report on Form 10-K for the year ended December 31, 2015. See note 1 in the accompanying condensed consolidated financial statements for an overview of new accounting standards that we have adopted or that we plan to adopt that have had or may have an impact on our financial statements.

Overview

We own controlling and non-controlling interests in a broad range of media, communications and entertainment companies. Our most significant operating subsidiary, which is also our principal reportable segment, is SIRIUS XM. SIRIUS XM 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 their 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.

Our "Corporate and Other" category includes our consolidated subsidiary, Braves Holdings, LLC ("Braves Holdings") and corporate expenses. Braves Holdings owns the Atlanta Braves, a major league baseball club, as well as certain of the Atlanta Braves' minor league clubs.

In addition to the foregoing businesses, we hold ownership interests in Live Nation Entertainment, Inc. ("Live Nation") and through SIRIUS XM, SIRIUS XM Canada, which we account for as equity method investments; and we continue to maintain investments and related financial instruments in public companies such as Time Warner (“Time Warner”) and Viacom, Inc. (“Viacom”) which are accounted for at their respective fair market values and are included in corporate and other.

As discussed in note 2 of the accompanying condensed consolidated financial statements, on April 15, 2016, Liberty completed a reclassification of the Company’s 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”). Although the Recapitalization was not effective for all periods presented herein, information has been presented among the tracking stock groups for all periods presented as if the Recapitalization had been completed as of January 1, 2015. This attribution of historical financial information does not purport to be what actual results and balances would have been if the Recapitalization had actually occurred and been in place during the periods prior to April 15, 2016. Operating results prior to the Recapitalization are attributed to Liberty stockholders in the aggregate.

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

The term "Liberty Media 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 Media Group is primarily comprised of all of the businesses, assets and liabilities of Liberty other than those specifically attributed to the Liberty SiriusXM Group or the Liberty Braves Group, including Liberty’s interests in Live Nation, minority equity investments in Time Warner, Inc. and Viacom, Inc., the recovery received in connection with the Vivendi lawsuit and cash, as well as Liberty’s 1.375% Cash Convertible Notes due 2023 and related financial instruments. Following the creation of the tracking stocks and the closing of the Series C Liberty Braves common stock rights offering, the Liberty Media Group retains an intergroup interest in the Liberty Braves Group of approximately 15.5% as of September 30, 2016. The Liberty Media Group has cash and cash equivalents of approximately $220 million as of September 30, 2016. Additionally, on September 7, 2016 Liberty, through its indirect wholly owned subsidiary Liberty GR Cayman Acquisition Company, entered into two definitive stock purchase agreements relating to the acquisition of Delta Topco Limited ("Delta Topco"), the parent company of Formula 1, a global motorsports business. The first purchase agreement was completed on September 7, 2016 and provided for the acquisition of slightly less than a 20% minority stake in Formula 1 on an undiluted basis. On October 27, 2016 under the terms of the first purchase agreement, Liberty acquired an additional incremental equity interest of Delta Topco, maintaining Liberty's investment in Delta Topco on an undiluted basis and increasing slightly to 19.1% on a fully diluted basis. Liberty's interest in Delta Topco and by extension Formula 1 is attributed to the Liberty Media Group. It is expected that Liberty will acquire 100% of the fully diluted equity interests of Delta Topco, other than a nominal number of shares held by certain Formula 1 teams, in a closing under the second purchase agreement (and following the unwind of the first purchase agreement) upon the satisfaction of certain conditions, including certain regulatory and stockholder approvals as discussed in note 6 to the accompanying condensed consolidated financial statements. The second closing is expected to occur in the first quarter of 2017. Liberty's anticipated acquired interest in Formula 1, along with existing Formula 1 cash and debt (which will be non-recourse to Liberty), will be attributed to the Liberty Media Group, which will be renamed the Formula One Group upon completion of the second closing (subject to stockholder approval), and the ticker symbols for the Series A, Series B and Series C Liberty Media Group tracking stocks will be changed from LMC (A/B/K), respectively, to FWON (A/B/K), respectively.

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	3,955	3,587
Operating Income (Loss)				
Liberty SiriusXM Group				
SIRIUS XM	$ 381	328	1,067	812
Corporate and other	(14)	—	(21)	—
Total Liberty SiriusXM Group	367	328	1,046	812
Liberty Braves Group				
Corporate and other	1	16	(45)	(16)
Total Liberty Braves Group	1	16	(45)	(16)
Liberty Media Group				
Corporate and other	(16)	(23)	460	(59)
Total Liberty Media Group	(16)	(23)	460	(59)
Consolidated Liberty	$ 352	321	1,461	737
Adjusted OIBDA				
Liberty SiriusXM Group				
SIRIUS XM	$ 490	451	1,380	1,275
Corporate and other	(8)	—	(9)	—
Total Liberty SiriusXM Group	482	451	1,371	1,275
Liberty Braves Group				
Corporate and other	16	30	(8)	14
Total Liberty Braves Group	16	30	(8)	14
Liberty Media Group				
Corporate and other	(13)	(8)	(32)	(25)
Total Liberty Media Group	(13)	(8)	(32)	(25)
Consolidated Liberty	$ 485	473	1,331	1,264

Revenue. Our consolidated revenue increased $101 million and $368 million for the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year. The increase was primarily due to revenue growth at SIRIUS XM ($111 million and $351 million for the three and nine months ended September 30, 2016, respectively). Additionally, Braves Holdings revenue decreased $10 million and increased $17 million during the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year. See "Results of Operations—Business" below for a more complete discussion of the results of operations of SIRIUS XM and Braves Holdings, including a discussion of the SIRIUS XM and Braves Holdings results on a comparative basis.

Operating income (loss). Our consolidated operating income increased $31 million and $724 million for the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year. The increase in operating income was due to increases in Liberty SiriusXM Group operating income of $39 million and $234 million for the three and nine months ended September 30, 2016, respectively. As discussed in note 10 of the accompanying condensed consolidated financial statements, SIRIUS XM recognized a $108 million legal settlement expense during the nine months ended September 30, 2015. Liberty Braves Group operating income declined $15 million and $29 million for the three and nine months ended September 30, 2016, respectively. Liberty Media Group operating income improved $7 million and $519 million for the three and nine months ended September 30, 2016, respectively. The increase for the nine month period is primarily due to the favorable net $511 million Vivendi lawsuit settlement during the first quarter of 2016, as discussed in note 10 of the accompanying condensed consolidated financial statements. See "Results of Operations—Business" below for a more complete discussion of the results of operations of SIRIUS XM and Braves Holdings.

Stock-based compensation. Stock-based compensation includes compensation related to (1) options and stock appreciation rights ("SARs") for shares of our common stock that are granted to certain of our officers and employees, (2) options, restricted stock awards, restricted stock units and other stock-based awards granted to officers, employees and certain third parties of our subsidiary, SIRIUS XM, (3) phantom stock appreciation rights ("PSARs") granted to officers and employees of our subsidiary, Braves Holdings, pursuant to private equity plans and (4) amortization of restricted stock and performance-based restricted stock unit grants.

We recorded $109 million and $147 million of stock compensation expense for the nine months ended September 30, 2016 and 2015, respectively. The decrease in stock compensation expense is primarily due to a decrease in SIRIUS XM stock compensation expense. Upon acquisition of a controlling interest in SIRIUS XM, we recorded an adjustment to increase SIRIUS XM's unvested stock compensation to fair value and amortized this adjustment through December 31, 2015. SIRIUS XM stock compensation expense in the prior year included $53 million of this purchase price amortization expense. This decrease was partially offset by increases in stock compensation expense recognized by SIRIUS XM and Braves Holdings during the period. As of September 30, 2016, the total unrecognized compensation cost related to unvested Liberty equity awards was approximately $49 million. Such amount will be recognized in our condensed consolidated statements of operations over a weighted average period of approximately 2.8 years. Additionally, 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 our condensed consolidated statements of operations over a weighted average period of approximately 2.7 years.

Adjusted OIBDA. We define Adjusted OIBDA as revenue less operating expenses and selling, general and administrative ("SG&A") expenses excluding all stock-based compensation, separately reported litigation settlements and restructuring and impairment charges. Our chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our businesses and make decisions about allocating resources among our businesses. We believe this is an important indicator of the operational strength and performance of our businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes such costs as depreciation and amortization, stock-based compensation, separately reported litigation settlements and restructuring and impairment charges that are included in the measurement of operating income pursuant to U.S. generally accepted accounting principles ("GAAP"). Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. See note 11 to the accompanying condensed consolidated financial statements for a reconciliation of Adjusted OIBDA to Earnings (loss) from continuing operations before income taxes.

As separately reported in note 10 of the accompanying condensed consolidated financial statements, the $108 million SIRIUS XM legal settlement related to the Capitol Records lawsuit recognized during June 2015 has been excluded from Adjusted OIBDA for the three and six months ended June 30, 2015. The remaining $102 million of the settlement associated with the future use of pre-1972 sound recordings is being recognized as a component of Adjusted OIBDA as revenue and share royalties expense in periods through 2017. Revenue share and royalties (included in operating income (loss)) for the three and nine months ended September 30, 2016 includes $10 million and $30 million, respectively, attributable to the amortization in connection with the Capitol Records lawsuit settlement.

Consolidated Adjusted OIBDA improved $12 million and $67 million for the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year. The increase in Adjusted OIBDA was due to increases in Liberty SiriusXM Group Adjusted OIBDA of $31 million and $96 million for the three and nine months ended September 30, 2016, respectively. Liberty Braves Group Adjusted OIBDA declined $14 million and $22 million for the three and nine months ended September 30, 2016, respectively. Liberty Media Group Adjusted OIBDA declined $5 million and $7 million for the three and nine months ended September 30, 2016, respectively. See "Results of Operations—Business" below for a more complete discussion of the results of operations of SIRIUS XM and Braves Holdings.

Other Income and Expense

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	amounts in millions			
Interest expense				
Liberty SiriusXM Group	$ (93)	(80)	(260)	(229)
Liberty Braves Group	—	(1)	—	(2)
Liberty Media Group	(5)	(3)	(12)	(13)
Consolidated Liberty	$ (98)	(84)	(272)	(244)
Share of earnings (losses) of affiliates, net				
Liberty SiriusXM Group	$ 2	1	11	(3)
Liberty Braves Group	2	2	6	6
Liberty Media Group	33	26	26	(11)
Consolidated Liberty	$ 37	29	43	(8)
Realized and unrealized gains (losses) on financial instruments, net				
Liberty SiriusXM Group	$ —	—	—	—
Liberty Braves Group	—	—	—	—
Liberty Media Group	7	(200)	(33)	(188)
Consolidated Liberty	$ 7	(200)	(33)	(188)
Other, net				
Liberty SiriusXM Group	$ 1	—	2	—
Liberty Braves Group	1	—	—	—
Liberty Media Group	3	4	15	12
Consolidated Liberty	$ 5	4	17	12
	$ (49)	(251)	(245)	(428)

Interest expense. Consolidated interest expense increased $14 million and $28 million for the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year. The increases were due to an increase in the average amount of corporate, SIRIUS XM and other subsidiary debt outstanding during the period.

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	amounts in millions			
Liberty SiriusXM Group				
SIRIUS XM Canada	$ 2	1	11	(3)
Total Liberty SiriusXM Group	2	1	11	(3)
Liberty Braves Group				
Other	2	2	6	6
Total Liberty Braves Group	2	2	6	6
Liberty Media Group				
Live Nation	33	23	25	6
Other	—	3	1	(17)
Total Liberty Media Group	33	26	26	(11)
Consolidated Liberty	$ 37	29	43	(8)

Realized and unrealized gains (losses) on financial instruments, net. Realized and unrealized gains (losses) on financial instruments are comprised of changes in the fair value of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	amounts in millions			
Fair Value Option Securities	$ 14	(117)	43	(139)
Exchangeable senior debentures	(23)	—	(23)	—
Cash convertible notes	(53)	(19)	(52)	30
Change in fair value of bond hedges	69	(9)	1	(47)
Other derivatives	—	(55)	(2)	(32)
	$ 7	(200)	(33)	(188)

The gains on Fair Value Option Securities are due to improvements in market values for Liberty's public portfolio during the periods presented.

On August 17, 2016, Liberty closed a private offering of approximately $445 million aggregate principal amount of its 2.25% exchangeable senior debentures due 2046 (the "2.25% Exchangeable Senior Debentures due 2046") which are accounted for at fair value. Upon an exchange of debentures, Liberty, at its option, may deliver Time Warner common stock, cash or a combination of Time Warner common stock and cash. The primary driver of the change in the fair value of the 2.25% Exchangeable Senior Debentures due 2046 are changes in the underlying price of Time Warner common stock.

Liberty issued $1 billion of cash convertible notes in October 2013 which are accounted for at fair value, as elected by Liberty at the issuance of the notes. At the same time Liberty entered into a bond hedge transaction on the same amount of underlying shares. These derivatives are marked to fair value on a recurring basis. Changes in the fair value are included in the realized and unrealized gains (losses) on financial instruments, net line item. The primary driver of the change in the current period is the change in the fair value of the underlying stock.

The unrealized losses on other derivatives for the three and nine months ended September 30, 2015 are primarily due to losses on the forward contract on Live Nation shares (see note 5 in the accompanying condensed consolidated financial statements).

Other, net. Other, net gains for the nine months ended September 30, 2016 are due to interest and dividend income and the gain on sale of certain fixed assets.

Income taxes. We had income tax expense for the three and nine months ended September 30, 2016 of $134 million and $478 million, respectively, and income tax expense for the three and nine months ended September 30, 2015 of $29 million and $150 million, respectively. Tax expense for the three and nine months ended September 30, 2016 was higher than the federal tax rate of 35% due to the impact of state taxes and the write-off of federal tax attributes at SIRIUS XM related to the adoption of ASU 2016-09. Tax expense for the three months ended September 30, 2015 was higher than the federal tax rate of 35% due to the impact of state taxes. Tax expense for the nine months ended September 30, 2015 was higher than the federal tax rate of 35% due to the effect of a tax law change in the District of Columbia ("D.C.") during the first quarter of 2015 and New York City ("NYC") during the second quarter of 2015. The tax law change in D.C. reduced the allocation of SIRIUS XM's taxable income in D.C. As a result, SIRIUS XM expects it will utilize less of its D.C. net operating losses in the future, resulting in an increase in the valuation allowance offsetting the deferred tax asset for these net operating losses. The tax law change in NYC will allow SIRIUS XM to utilize additional NYC net operating losses in the future, resulting in an increase in SIRIUS XM's deferred tax assets.

Net earnings. We had net earnings of $169 million and $738 million for the three and nine months ended September 30, 2016, respectively, and $41 million and $159 million for the three and nine months ended September 30, 2015, respectively. The change in net earnings was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Material Changes in Financial Condition

As of September 30, 2016, substantially all of our cash and cash equivalents were invested in U.S. Treasury securities, other government agencies, AAA rated money market funds and other highly rated financial and corporate debt instruments.

The following are potential sources of liquidity: available cash balances, cash generated by the operating activities of our subsidiaries (to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted), proceeds from asset sales, monetization of our public investment portfolio (including derivatives), debt borrowings and equity issuances, and dividend and interest receipts.

Liberty does not have a debt rating.

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

	Cash and Cash Equivalents	Unencumbered Fair Value Option AFS Securities
	amounts in millions	
Liberty SiriusXM Group		
Sirius XM	$ 572	—
Corporate and other	39	
Total Liberty SiriusXM Group	611	—
Liberty Braves Group		
Corporate and other	$ 109	—
Total Liberty Braves Group	109	—
Liberty Media Group		
Corporate and other	$ 220	383
Total Liberty Media Group	220	383

To the extent Liberty recognizes any taxable gains from the sale of assets, we may incur tax expense and be required to make tax payments, thereby reducing any cash proceeds. Liberty has a controlling interest in SIRIUS XM which has significant cash and cash provided by operating activities, although due to SIRIUS XM being a separate public company and the significant noncontrolling interest, we do not have ready access to their cash.

Cash Flow Information	Nine months ended September 30, 2016
	amounts in millions
Liberty SiriusXM Group cash provided (used) by operating activities	$ 1,197
Liberty Braves Group cash provided (used) by operating activities	19
Liberty Media Group cash provided (used) by operating activities	435
Net cash provided (used) by operating activities	$ 1,651
Liberty SiriusXM Group cash provided (used) by investing activities	$ (136)
Liberty Braves Group cash provided (used) by investing activities	(225)
Liberty Media Group cash provided (used) by investing activities	(649)
Net cash provided (used) by investing activities	$ (1,010)
Liberty SiriusXM Group cash provided (used) by financing activities	$ (562)
Liberty Braves Group cash provided (used) by financing activities	302
Liberty Media Group cash provided (used) by financing activities	358
Net cash provided (used) by financing activities	$ 98

Liberty’s primary use of cash during the nine months ended September 30, 2016 (excluding cash used by SIRIUS XM and Braves Holdings) was the $746 million investment in Formula 1, as discussed in note 6 of the accompanying condensed consolidated financial statements. This investment was funded by borrowings of debt and cash on hand. Additionally, in connection with the Recapitalization, Liberty contributed $50 million cash to each of the Liberty SiriusXM Group and the Liberty Braves Group.

SIRIUS XM's primary uses of cash were the repurchase of outstanding SIRIUS XM common stock and the repayments made under the Credit Facility. The SIRIUS XM uses of cash were funded by cash provided by operating activities, borrowings of debt and cash on hand. 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 SIRIUS XM common stock per year.

Braves Holdings incurred approximately $186 million of capital expenditures during the nine months ended September 30, 2016 related to the construction of the new Braves Holdings ballpark facility and adjacent mixed-use complex. Braves Holdings' capital expenditures were funded through the use of cash on hand, borrowings of debt and proceeds of $203 million received from the Series C Liberty Braves common stock rights offering during the period.

The projected uses of Liberty's cash (excluding SIRIUS XM's and Braves Holdings' uses of cash) are primarily the investment in existing or new businesses, including the acquisition of Formula 1, debt service, including further repayment of the margin loans, settlement of derivative obligations and the potential buyback of common stock under the approved share buyback program. Liberty expects to fund its projected uses of cash with cash on hand, cash from operations, borrowing capacity under margin loans and outstanding credit facilities, debt financing backed by some of our public equity securities and potential liquidity from Liberty Media Group's public equity securities. Liberty may be required to make net payments of income tax liabilities to settle items under discussion with tax authorities.

SIRIUS XM's uses of cash are expected to be the payment of debt service costs on outstanding debt, capital expenditures, working capital requirements, legal settlements, payments of dividends, the repurchases of its common stock in accordance with its approved share buyback program and strategic opportunities. Liberty expects SIRIUS XM to fund its projected uses of cash with cash on hand, cash provided by operations and borrowings under the existing credit facility.

Braves Holdings' estimated capital expenditures for the remainder of 2016 include approximately $190 million for the construction of a new ballpark facility and adjacent mixed-use complex, excluding amounts to be paid for by the Authority and joint venture partners. See note 9 in the accompanying condensed consolidated financial statements for further details. Liberty expects Braves Holdings to fund its projected uses of cash with cash on hand, cash from operations and borrowing capacity under outstanding term loans and credit facilities.

We believe that the available sources of liquidity are sufficient to cover our projected future uses of cash.

Results of Operations—Businesses

SIRIUS XM Holdings Inc. 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 their proprietary satellite radio systems. Subscribers can also receive their 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. SIRIUS XM is also a leader in providing connected vehicle services. Its connected vehicle services are designed to enhance the safety, security and driving experience for vehicle operators while providing marketing and operational benefits to automakers and their dealers. Subscribers and subscription-based revenues and expenses associated with its connected vehicle services are not included in the subscriber count. SIRIUS XM has agreements with every major automaker ("OEMs") to offer satellite radios in their vehicles from which SIRIUS XM acquires the majority of its subscribers. SIRIUS XM also acquires subscribers through the marketing to owners and lessees of vehicles that include factory-installed satellite radios that are not currently subscribing to SIRIUS XM services. Additionally, SIRIUS XM distributes its radios through retailers online and at locations nationwide and through its website. Satellite radio services are also offered to customers of certain daily rental car companies. SIRIUS XM's primary source of revenue is subscription fees, with most of its customers subscribing on an annual, semi-annual, quarterly or monthly plan. SIRIUS XM offers discounts for prepaid, longer term subscription plans, as well as multiple subscription discounts. SIRIUS XM also derives revenue from activation and other fees, the sale of advertising on select non-music channels, the direct sale of satellite radios and accessories, and other ancillary services, such as weather, traffic and data services. SIRIUS XM is a separate publicly traded company and additional information about SIRIUS XM can be obtained through its website and public filings.

As of September 30, 2016, SIRIUS XM had approximately 31.0 million subscribers, which is an increase of approximately 5% from 29.6 million subscribers as of December 31, 2015. Of the 31.0 million subscribers at September 30, 2016, approximately 25.5 million were self-pay subscribers and approximately 5.5 million were paid promotional subscribers. These subscriber totals include subscribers under regular pricing plans; discounted pricing plans; subscribers that have prepaid, including payments either made or due from automakers for subscriptions included in the sale or lease price of a vehicle; subscribers to SIRIUS XM Internet services who do not also have satellite radio subscriptions; and certain subscribers to SIRIUS XM's weather, traffic, and data services who do not also have satellite radio subscriptions.

We acquired a controlling interest in SIRIUS XM on January 18, 2013 and applied purchase accounting and consolidated the results of SIRIUS XM from that date. Prior to the acquisition of our controlling interest, we maintained an investment in SIRIUS XM accounted for using the equity method. For comparison purposes we are presenting the stand alone results of SIRIUS XM prior to any purchase accounting adjustments in the current and prior periods for a discussion of the operations of SIRIUS XM. For the three and nine months ended September 30, 2016 and 2015, see the reconciliation of the results reported by SIRIUS XM to the results reported by Liberty included below. As of September 30, 2016, there is an approximate 35% noncontrolling interest in SIRIUS XM, and the net earnings (loss) of SIRIUS XM attributable to such noncontrolling interest is eliminated through the noncontrolling interest line item in the condensed consolidated statement of operations.

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

	Three months ended September 30,		Nine months ended September 30,	
	2016 (1)	2015(1)	2016 (1)	2015(1)
	amounts in millions			
Subscriber revenue	$ 1,070	975	3,113	2,826
Other revenue	207	195	601	548
Total revenue	1,277	1,170	3,714	3,374
Operating expenses (excluding stock-based compensation included below):				
Cost of subscriber services				
Revenue share and royalties	(273)	(239)	(789)	(675)
Programming and content	(84)	(74)	(244)	(210)
Customer service and billing	(94)	(93)	(283)	(276)
Other	(30)	(31)	(106)	(92)
Subscriber acquisition costs	(121)	(133)	(382)	(392)
Other operating expenses	(15)	(13)	(48)	(40)
Selling, general and administrative expenses	(169)	(142)	(479)	(432)
Adjusted OIBDA	491	445	1,383	1,257
Legal settlement	—	—	—	(108)
Stock-based compensation	(30)	(23)	(78)	(62)
Depreciation and amortization	(68)	(70)	(202)	(202)
Operating income	$ 393	352	1,103	885

(1) See the reconciliation of the results reported by SIRIUS XM to the results reported by Liberty included below.

Subscriber revenue includes subscription, activation and other fees. Subscriber revenue increased approximately 10% for each of the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year. The increases were primarily attributable to an increase in the daily weighted average number of subscribers and an increase SIRIUS XM’s average monthly revenue per subscriber resulting from SIRIUS XM’s price changes and mix of plans.

Other revenue includes advertising revenue, royalties, equipment revenue and other ancillary revenue. For the three and nine months ended September 30, 2016, other revenue increased approximately 6% and 10%, respectively, as compared to the corresponding prior year periods. The most significant change in other revenue was the result of an increase in revenue from the U.S. Music Royalty Fee due to an increase in the number of subscribers and subscribers paying at a higher rate. Furthermore, advertising revenue increased during the three month period due to a greater number of advertising spots sold and transmitted, partially offset by the loss of a significant advertiser due to state regulatory activities surrounding the fantasy sports industry. Advertising revenue increased during the nine month period due to a greater number of advertising spots sold and transmitted as well as increased rates per spot. Equipment revenue increased due an increase in OEM production and an increase in royalty revenue on certain modules starting early in the second quarter of 2016, partially offset by lower sales through SIRIUS XM’s aftermarket and direct to consumer business.

Cost of subscriber services includes revenue share and royalties, programming and content costs, customer service and billing expenses and other ancillary costs associated with providing the satellite radio service.

- *Revenue Share and Royalties* includes distribution and content provider revenue share, royalties for transmitting content and web streaming, and advertising revenue share. Revenue share and royalties increased 14% and 17% for the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year. The increase was due to overall greater revenue subject to royalty and revenue sharing agreements and a 5% increase in the statutory royalty rate for the performance of sound recordings. Additionally, revenue share and royalties for the three and nine months ended September 30, 2016 includes $10 million and $30 million, respectively, attributable to the amortization in connection with the Capitol Records lawsuit settlement. Revenue and share royalties expense for the three and nine months ended September 30, 2015 in the table above includes $9 million attributable to the amortization in connection with the Capitol Records lawsuit settlement.
- *Programming and Content* includes costs to acquire, create, promote and produce content. Programming and content costs increased 14% and 16% for the three and nine months ended September 30, 2016 , respectively, as compared to the corresponding periods in the prior year. The increase resulted from renewed programming licenses as well as increased personnel related costs.
- *Customer Service and Billing* includes costs associated with the operation and management of SIRIUS XM's internal and third party customer service centers and SIRIUS XM's subscriber management systems as well as billing and collection costs, bad debt expense and transaction fees. Customer service and billing expense increased 1% and 3% for the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year. The increase in expenses was primarily due to costs associated with a higher subscriber base driving greater bad debt expense, transaction fees and call center costs, partially offset by lower personnel related costs and classifying wireless transmission costs related to SIRIUS XM's connected vehicle services to Satellite and transmission expense in 2016.
- *Other* includes costs associated with the operation and maintenance of SIRIUS XM's terrestrial repeater networks; satellites; satellite telemetry, tracking and control systems; satellite uplink facilities; studios; and delivery of SIRIUS XM's Internet streaming service and connected vehicle services as well as costs from the sale of satellite radios, components and accessories and provisions for inventory allowance attributable to products purchased for resale in SIRIUS XM's direct to consumer distribution channels. Other costs of subscriber services decreased 3% and increased 15% for the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year. The decrease in the three month period was driven primarily by lower web streaming costs from insourcing certain activities and repeater costs, offset by the inclusion of wireless transmission costs from SIRIUS XM's connected vehicle services that were previously recorded to Customer service and billing expense in 2015. The increase in the nine month period was primarily due to a loss of approximately $13 million on the disposal of certain obsolete satellite and related parts, recorded during the nine months ended September 30, 2016 .

Subscriber acquisition costs include hardware subsidies paid to radio manufacturers, distributors and automakers, including subsidies paid for chipsets and certain other components used in manufacturing radios; device royalties for certain radios and chipsets; commissions paid to automakers and retailers; product warranty obligations; freight; and provisions for inventory allowances attributable to inventory consumed in OEM and retail distribution channels. The majority of subscriber acquisition costs are incurred and expensed in advance of, or concurrent with, acquiring a subscriber. For the three and nine months ended September 30, 2016, subscriber acquisition costs decreased approximately 9% and 3%, respectively, as compared to the corresponding periods in the prior year. The decrease for the three month period was driven by lower OEM hardware subsidy rates, a contractual reduction to a subsidy rate and lower subsidized costs related to the transition of chipsets, partially offset by higher radio installations. The decrease for the nine month period was driven by a contractual reduction to a subsidy rate and lower subsidized costs related to the transition of chipsets, partially offset by higher radio installations and related OEM hardware subsidies.

Other operating expense includes engineering, design and development costs consisting primarily of compensation and related costs to develop chipsets and new products and services. For the three and nine months ended September 30, 2016 other operating expense increased 15% and 20%, respectively, as compared to the corresponding periods in the prior year. The increase was driven primarily by the inclusion of personnel related costs from SIRIUS XM's connected vehicle services that were previously recorded in Selling, general and administrative expense in 2015, partially offset by lower research and development costs.

Selling, general and administrative expense includes costs of marketing, advertising, media and production, including promotional events and sponsorships; cooperative marketing; compensation and related personnel costs; facilities costs, finance, legal, human resources and information technology costs. For the three and nine months ended September 30, 2016, selling, general and administrative expense increased 19% and 11%, respectively as compared to the corresponding periods in the prior year. The increase was due to higher consulting and legal costs, increased subscriber retention and acquisition campaigns related to SIRIUS XM's subscriber growth and higher personnel costs. Costs in the three months ended September 30, 2015, benefited from insurance recoveries related to a legal settlement.

Stock-based compensation increased 30% and 26% during the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year. The increase in stock-based compensation expense is primarily due to an increase in the number of awards granted since September 30, 2015.

Depreciation and amortization decreased 3% and remained flat during the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year. The decrease for the three month period was driven by certain satellites and software reaching the end of their estimated lives in 2015, partially offset by additional software and terrestrial repeater assets placed in-service.

The following tables reconcile the results reported by SIRIUS XM, used for comparison purposes above to understand SIRIUS XM's operations, to the results reported by Liberty for the three and nine months ended September 30, 2016 and 2015:

	Three months ended September 30, 2016			Nine months ended September 30, 2016		
	As reported by SIRIUS XM	Purchase Accounting Adjustments	As reported by Liberty	As reported by SIRIUS XM	Purchase Accounting Adjustments	As reported by Liberty
	amounts in millions					
Subscriber revenue	$ 1,070	(1)	1,069	3,113	(3)	3,110
Other revenue	207	—	207	601	—	601
Total revenue	1,277	(1)	1,276	3,714	(3)	3,711
Operating expenses (excluding stock-based compensation included below):						
Cost of subscriber services	(481)	—	(481)	(1,422)	—	(1,422)
Subscriber acquisition costs	(121)	—	(121)	(382)	—	(382)
Other operating expenses	(15)	—	(15)	(48)	—	(48)
Selling, general and administrative expenses	(169)	—	(169)	(479)	—	(479)
Adjusted OIBDA	491	(1)	490	1,383	(3)	1,380
Stock-based compensation	(30)	—	(30)	(78)	—	(78)
Depreciation and amortization	(68)	(11)	(79)	(202)	(33)	(235)
Operating income	$ 393	(12)	381	1,103	(36)	1,067

	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
Other revenue	195	1	196	548	—	548
Total revenue	1,170	(5)	1,165	3,374	(14)	3,360
Operating expenses (excluding stock-based compensation included below):						
Cost of subscriber services (excluding legal settlement)	(437)	11	(426)	(1,253)	32	(1,221)
Subscriber acquisition costs	(133)	—	(133)	(392)	—	(392)
Other operating expenses	(13)	—	(13)	(40)	—	(40)
Selling, general and administrative expenses	(142)	—	(142)	(432)	—	(432)
Adjusted OIBDA	445	6	451	1,257	18	1,275
Legal settlement	—	—	—	(108)	—	(108)
Stock-based compensation	(23)	(18)	(41)	(62)	(53)	(115)
Depreciation and amortization	(70)	(12)	(82)	(202)	(38)	(240)
Operating income	$ 352	(24)	328	885	(73)	812

Braves Holdings. Braves Holdings is our wholly owned subsidiary that indirectly owns and operates the Atlanta Braves Major League Baseball club and five minor league baseball clubs (the Gwinnett Braves, the Mississippi Braves, the Rome Braves, the Danville Braves and the GCL Braves). Braves Holdings also operates a baseball academy in the Dominican Republic and leases a baseball facility from a third party in connection with its academy. Braves Holdings has exclusive operating rights to Turner Field, the home stadium of the Atlanta Braves, until December 31, 2016 pursuant to an Operating Agreement with the Atlanta Fulton County Recreation Authority. Effective for the 2017 season, the Braves are expected to relocate into a new ballpark located in Cobb County, a suburb of Atlanta. The facility will be leased from Cobb County and Cobb-Marietta Coliseum and Exhibit Hall Authority and will offer a range of activities and eateries for fans. Braves Holdings is participating in the construction of the new stadium and an adjacent mixed-use development project, which we refer to as the Development Project.

Operating results attributable to the Liberty Braves Group are as follows. The results subsequent to the Recapitalization include corporate overhead and stock compensation expenses allocated to the Liberty Braves Group.

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	amounts in millions			
Total revenue	$ 109	119	244	227
Operating expenses (excluding stock-based compensation included below):				
Other operating expenses	(78)	(75)	(208)	(173)
Selling, general and administrative expenses	(15)	(14)	(44)	(40)
Adjusted OIBDA	16	30	(8)	14
Stock-based compensation	(3)	(3)	(7)	(5)
Depreciation and amortization	(12)	(11)	(30)	(25)
Operating income	$ 1	16	(45)	(16)

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 corresponding prior year periods. The decline for the three month period was due to a decline in ticket sales and broadcast revenue as a result of having fewer home games period over period (35 home games in 2016 versus 42 home games 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 for the nine month period was due to a change in ballpark retail and concession sales and increased broadcast revenue, 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 resulted in increases in revenue, which were partially offset by corresponding increases in operating expenses. Concession and retail revenue per turnstile slightly increased during the current periods, resulting in increases of approximately $5 million and $16 million for each of the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year. Broadcast revenue decreased approximately $3 million and increased approximately $8 million for each of the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year. The decline during the three month period was a result of having fewer home games period over period, partially offset by contractual rate increases. The increase for the nine month period was due to an increase in the number of home games during 2016 and contractual rate increases. These fluctuations were impacted by a decline in the price per ticket and number of tickets sold in the respective periods during the current year.

Other operating expense primarily includes costs associated with baseball and stadium operations. For the three and nine months ended September 30, 2016, other operating expenses increased $3 million and $35 million, respectively, as compared to the corresponding periods in the prior year. The increase for the nine month period was driven primarily by in-game retail and concession operations, as discussed above. Braves Holdings' decision to operate its retail operations in-house during the current year contributed to an increase in operating expenses due to additional staff positions related to the retail operations. Additionally, certain concessions expenses were incurred during the current period associated with the Braves Holdings' new concessions operator for the 2016 season. The increase for the nine month period was further impacted by the acceleration of player salary expense as a result of released and injured players as well as taxes imposed on the ANLBC under the terms of the collective bargaining agreement related to certain on international player signing bonuses paid by the ANLBC during 2016. These increases were partially offset by overall lower player salaries during the current year.

Selling, general and administrative expense includes costs of marketing, advertising, finance and related personnel costs. For the three and nine months ended September 30, 2016, selling, general and administrative expense increased $1 million and $4 million, respectively, as compared to the corresponding periods in the prior year. Braves Holdings' standalone selling, general and administrative expense remained relatively flat and increased approximately $1 million during the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year. The $1 million increase during the nine months ended September 30, 2016 is primarily attributable to additional advertising costs incurred during the current period. In addition to the Braves Holdings' standalone selling, general and administrative expense during the period, approximately $3 million selling, general and administrative expenses, including stock-based compensation expense, was allocated to the Liberty Braves Group in connection with the Recapitalization during the nine months ended September 30, 2016.

Stock-based compensation remained flat and increased $2 million during the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year. The Braves Holdings three-year stock compensation plan was approved during May 2015. Stock-based compensation expense is attributable to awards vested during the periods presented. The increase in stock-based compensation expense for the nine month period is primarily due to an increase in the number of awards granted since June 30, 2015 and vested during the current period.

Depreciation and amortization increased $1 million and $5 million during the three and nine months ended September 30, 2016, respectively, as compared to the corresponding periods in the prior year, primarily due to increased amortization expense associated with certain intangible assets acquired during the second half of 2015.

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 exchange rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks.

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We have achieved this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when we deem appropriate. As of September 30, 2016, our debt is comprised of the following amounts:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted avg interest rate	Principal amount	Weighted avg interest rate
	dollar amounts in millions			
Liberty SiriusXM Group	$ 250	2.3 %	$ 6,164	5.4 %
Liberty Braves Group	$ 170	2.3 %	$ 50	2.2 %
Liberty Media Group	$ —	— %	$ 1,481	1.7 %

The Company is exposed to changes in stock prices primarily as a result of our significant holdings in publicly traded securities. We continually monitor changes in stock markets, in general, and changes in the stock prices of our holdings, specifically. We believe that changes in stock prices can be expected to vary as a result of general market conditions, technological changes, specific industry changes and other factors. We periodically use equity collars and other financial instruments to manage market risk associated with certain investment positions. These instruments are recorded at fair value based on option pricing models and other appropriate methods.

At September 30, 2016, the fair value of our AFS equity securities was $444 million. Had the market price of such securities been 10% lower at September 30, 2016, the aggregate value of such securities would have been approximately $44 million lower. Additionally, our stock in Live Nation and SIRIUS XM Canada (two of our equity method affiliates) are publicly traded securities which are not reflected at fair value in our balance sheet. These securities are also subject to market risk that is not directly reflected in our statement of operations and had the market price of such securities been 10% lower at September 30, 2016 the aggregate value of such securities would have been $209 million lower.

Item 4. Controls and Procedures

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer, principal accounting officer and principal financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of September 30, 2016 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended September 30, 2016 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

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, after the consumer revoked his or her prior consent. In one of the actions, the plaintiff also alleges that SIRIUS XM violated the TCPA's call time restrictions and in one of the other actions the plaintiff also alleges that SIRIUS XM violated the TCPA's do not call restrictions. These purported class action cases are titled Erik Knutson v. Sirius XM Radio Inc. , No. 12-cv-0418-AJB-NLS (S.D. Cal.), Francis W. Hooker v. Sirius XM Radio Inc. , No. 4:13-cv-3 (E.D. Va.), Yefim Elikman v. Sirius XM Radio Inc. and Career Horizons, Inc. , No. 1:15-cv-02093 (N.D. Ill.), and Anthony Parker v. Sirius XM Radio Inc. , No. 8:15-cv-01710-JSM-EAJ (M.D. Fla), and are described in Part I, Item 3., Legal Proceedings, in our Annual Report on Form 10-K for the year ended December 31, 2015.

SIRIUS XM has entered into an agreement to settle these purported class action suits. The settlement is expected to resolve the claims of consumers beginning in February 2008 relating to telemarketing calls to their mobile telephones. As part of this settlement, SIRIUS XM made a $35 million payment to a settlement fund (from which notice, administration and other costs and attorneys' fees will be paid), are offering participating class members the option of receiving three months of SIRIUS XM's Select service for no charge, and will enter into agreements to make modifications to the practices of certain call center vendors. The settlement is subject to final court approval, which cannot be assured.

Pre-1972 Sound Recording Matters

In August 2013, SoundExchange, Inc. filed a complaint in the United States District Court for the District of Columbia alleging that SIRIUS XM underpaid royalties for statutory licenses during the 2007-2012 period in violation of the regulations established by the Copyright Royalty Board ("CRB") for that period. SoundExchange principally alleges that SIRIUS XM improperly reduced its calculation of gross revenues, on which the royalty payments are based, by deducting non-recognized revenue attributable to pre-1972 recordings and Premier package revenue that is not "separately charged" as required by the regulations. SoundExchange is seeking compensatory damages of not less than $50 million and up to $100 million or more, payment of late fees and interest, and attorneys' fees and costs.

In August 2014, the United States District Court for the District of Columbia granted SIRIUS XM's motion to dismiss the complaint without prejudice on the grounds that the case properly should be pursued before the CRB rather than the district court. In December 2014, SoundExchange filed a petition with the CRB 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 CRB 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 CRB 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. Additional information concerning the action is publicly available in filings under the docket numbers. The amount of loss or range of loss that is reasonably possible is not reasonably estimable. 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 its business, financial condition, results of operations, or cash flows. SIRIUS XM believes it has substantial defenses to the claims asserted in this action and intends to defend this action vigorously.

Item 1A. Risk Factors

Except as discussed below, there have been no material changes in Liberty's risk factors from those disclosed in Part I, Item 1A of its Annual Report on Form 10-K for the year ended December 31, 2015.

Liberty expects to incur significant costs and expenses in connection with the acquisition of Formula 1.

Liberty expects that it will incur certain non-recurring costs in connection with the consummation of the acquisition, including advisory, legal and other transaction costs. A majority of these costs have already been incurred or will be incurred regardless of whether the acquisition of Formula 1 is completed. While many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time, management of Liberty continues to assess the magnitude of these costs, and additional unanticipated costs may be incurred in connection with the acquisition. Although Liberty expects that the realization of benefits related to the acquisition will offset such costs and expenses over time, no assurances can be made that this net benefit will be achieved in the near term, or at all.

The announcement and pendency of the acquisition of Formula 1 could divert the attention of management and cause disruptions in the businesses of Formula 1 and Liberty, which could have an adverse effect on the business and financial results of both Formula 1 and Liberty.

Liberty and Formula 1 are non-affiliated companies that are currently operated independently of each other. Management of both Formula 1 and Liberty may be required to divert a disproportionate amount of attention away from their respective day-to-day activities and operations, and devote time and effort to consummating the acquisition. The risks, and adverse effects, of such disruptions and diversions could be exacerbated by a delay in the completion of the acquisition. These factors could adversely affect the financial position or results of operations of Liberty and Formula 1, regardless of whether the acquisition is completed.

Liberty is subject to contractual restrictions while the acquisition is pending, which could adversely affect Liberty's business.

On September 7, 2016, Liberty, Liberty GR Cayman Acquisition Company, an indirect wholly owned subsidiary of Liberty, Formula 1 and certain selling shareholders of Delta Topco entered into the second stock purchase agreement (the "Second SPA"). The Second SPA imposes certain restrictive interim covenants on Liberty. For instance, the consent of a nominee appointed by the selling shareholders in the acquisition is required in respect of, among other things, amendments to Liberty's organizational documents, payments of dividends or capital reorganizations with respect to the Liberty Media Group tracking stock and certain issuances of shares of Liberty Media Group tracking stock. These restrictions may prevent Liberty from taking certain actions before the acquisition is completed or the Second SPA is terminated, including making certain acquisitions or otherwise pursuing certain business opportunities, or making certain changes to its capital stock, that its board of directors may deem beneficial.

If the Second SPA terminates in accordance with its terms, Liberty will own only a minority interest in Formula 1, with no voting rights and limited liquidity and governance rights.

The Second SPA will terminate in accordance with its terms if, among other reasons, all of the conditions to the consummation of the acquisition (other than those which by their terms are to be satisfied at the closing) have not been satisfied or waived by 11:59 p.m. (London time) on June 30, 2017. Unless the parties mutually agree to extend the term of the Second SPA, Liberty will own only the minority equity interest in Formula 1 it has acquired to date, and, absent certain regulatory clearances, Liberty will not be entitled to exercise the voting rights attendant to those interests. Further, Liberty will not be entitled to freely transfer these interests under the terms of the existing organizational documents and shareholders agreements of Delta Topco, the holding company for Formula 1, and Liberty would have no right to force a liquidity event with regard to its initial investment in Formula 1.

Failure to complete the acquisition could negatively impact the stock price and financial results of Liberty.

If the acquisition is not completed for any reason, Liberty would be subject to negative reactions from financial markets impacting the price of Liberty Media Group tracking stock, and Liberty will have incurred significant transaction costs without the benefit of having completed an accretive investment. In addition, Liberty could be subject to the cost of litigation related to any dispute regarding an alleged failure of a closing condition or any related enforcement proceeding commenced against Liberty to perform its obligations under the Second SPA or any of the other transaction documents, as well as any judgment potentially obtained against Liberty in any such action. All of these expenses and contingencies could negatively impact the financial position and results of operations of Liberty.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Share Repurchase Programs

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

There were no repurchases of Series A or Series C Liberty Media Corporation common stock, Liberty SiriusXM common stock, Liberty Braves common stock or Liberty Media common stock during the three months ended September 30, 2016. As of September 30, 2016, $1.3 billion was available to be used for share repurchases of Series A and Series C Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Media common stock under the Company's share repurchase program.

During the three months ended September 30, 2016, 60 shares and 121 shares of Series A and Series C Liberty Media Group common stock, respectively, 240 shares and 400 shares of Series A and Series C Liberty SiriusXM Group common stock, respectively, and 25 shares and 49 shares of Series A and Series C Liberty Braves Group common stock, respectively, were surrendered by certain of our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock and restricted stock units.

Item 6. Exhibits

(a) Exhibits

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 Sale and Purchase of Delta Topco Limited, dated September 7, 2016, by and among Liberty Media Corporation, Liberty GR Cayman Acquisition Company, Delta Topco Limited and certain selling shareholders of Delta Topco Limited (incorporated by reference to Annex A to Liberty Media Corporation's Proxy Statement on Schedule 14A filed on November 1, 2016 (File No. 001-33982) (the "Special Meeting Proxy")).

10.3 Voting and Support Agreement, dated as of September 7, 2016, among Liberty Media Corporation, CVC Delta Topco Nominee Limited, John C. Malone, Leslie Malone, and the John C. Malone June 2003 Charitable Remainder Unitrust (incorporated by reference to Annex B to the Special Meeting Proxy).

10.4	Form of Shareholders Agreement, by and among Liberty Media Corporation and the Shareholders listed on Schedule A thereto (incorporated by reference to Annex C to the Special Meeting Proxy).
10.5	Form of Delta Topco Limited Exchangeable Redeemable Loan Note Instrument (incorporated by reference to Annex D to the Special Meeting Proxy).
31.1	Rule 13a-14(a)/15d-14(a) Certification*
31.2	Rule 13a-14(a)/15d-14(a) Certification*
32	Section 1350 Certification**
99.1	Unaudited Attributed Financial Information for Tracking Stock Groups*
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Calculation Linkbase Document*
101.LAB	XBRL Taxonomy Label Linkbase Document*
101.PRE	XBRL Taxonomy Presentation Linkbase Document*
101.DEF	XBRL Taxonomy Definition Document*

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* Filed herewith
** Furnished herewith

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

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101.PRE	XBRL Taxonomy Presentation Linkbase Document*
101.DEF	XBRL Taxonomy Definition Document*

* Filed herewith
** Furnished herewith

Exhibit 10.1

Execution Copy

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (this " **Agreement** "), dated effective as of August 18, 2016 (the " **Effective Date** "), is made by and between Liberty Media Corporation, a Delaware corporation (the " **Company** "), and Richard Baer (the " **Executive** ").

In consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, Employer and the Executive agree as follows:

1. **Definitions** .

(a) " **Applicable Companies** " means Employer, Liberty Interactive, Liberty Broadband, Liberty TripAdvisor Holdings, and any other Person (other than Starz) to which Executive is then providing services at the direction of Employer as contemplated by Section 3.1(b) , as well as their respective Subsidiaries.

(b) " **Board** " means the Board of Directors of Employer.

(c) " **Cause** " means: (i) the Executive's willful failure to follow the lawful instructions of the Board, Employer's chief executive officer, or the board of directors or chief executive officer of another Applicable Company for which the Executive is then serving as Chief Legal Officer; (ii) the commission by the Executive of any fraud, misappropriation or other serious misconduct in relation to Employer, another Applicable Company or a Subsidiary of an Applicable Company; (iii) the Executive's conviction of, or plea of guilty or nolo contendere to, a felony; or (iv) the Executive's failure to comply in any material respect with this Agreement or any other agreement between the Executive, on the one hand, and the Employer or another Applicable Company or a Subsidiary of an Applicable Company, on the other. Notwithstanding anything contained herein to the contrary, the Executive's employment with Employer may not be terminated for Cause pursuant to clause (i), (ii) or (iv) above unless (A) the decision is made by a majority of the Board at a Board meeting where the Executive had an opportunity to be heard; (B) Employer provides the Executive with written notice of the Board's decision to terminate the Executive's employment for Cause specifying the particular act(s) or failure(s) to act serving as the basis for such decision; and (C) if such act or failure to act is determined by the Board to be capable of being cured, the Executive fails to cure any such act or failure to act to the reasonable satisfaction of the Board within ten days after such notice.

For purposes of this Agreement, no act or failure to act, on the part of the Executive, will be considered " **willful** " unless it is done, or omitted to be done, by the Executive in bad faith and without reasonable belief that the Executive's action or omission was legal, proper, and in the best interests of Employer or another Applicable Company, as applicable. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or the board of directors of an Applicable Company or based upon the advice of counsel (which counsel is a licensed attorney or firm of attorneys other than the Executive) for Employer or another Applicable Company will be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of Employer or such other Applicable Company.

(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) a material reduction by Employer of the Executive’s Base Salary or Target Bonus Opportunity (as defined below in Section 4.2);

(iv) Employer’s failure to provide any payments or employee benefits required to be provided to the Executive under this Agreement and continuation of that failure for 30 days after written notice;

(v) any material breach of this Agreement or any other material agreement between the Executive, on the one hand, and Employer or any Subsidiary of Employer, on the other, by Employer or such Subsidiary, if not cured within 30 days after written notice;

(vi) the failure of Employer to grant to the Executive all or any part of the target Performance RSU grant specified in Section 4.8 ; and/or

(vii) a failure of Employer to have any successor to Employer assume in writing Employer's obligations under the Agreement, if not cured within 30 days after written notice.

Notwithstanding the foregoing, Good Reason will not be deemed to exist unless the Executive gives Employer notice within 60 days after the occurrence of the event which the Executive believes constitutes the basis for Good Reason, specifying the particular act or failure to act which the Executive believes constitutes the basis for Good Reason. For the avoidance of doubt, the termination by Employer or another Applicable Company of the Executive's employment with, provision of services to, or status as the Chief Legal Officer of an Applicable Company other than Employer does not constitute "Good Reason" within the meaning of this Agreement for the Executive to terminate his employment with Employer. In addition, "Good Reason" for the Executive to terminate his employment with Employer shall not exist if the Company removes the Executive from the position of Chief Legal Officer of the Company but immediately following such removal the Executive continues to be employed as the Chief Legal Officer of Liberty Interactive and Liberty Interactive has assumed the Company's obligations under this Agreement and has become the Employer under this Agreement. The Executive and Employer agree that Employer's actions or inactions described in clauses (i) through (iv), (vi) and (vii) above will constitute a material breach of this Agreement; provided, that the Executive's sole remedy in respect of any such breach shall be to terminate this Agreement for Good Reason pursuant to Section 5.3 .

(k) " **Liberty Broadband** " means Liberty Broadband Corporation, a Delaware corporation.

(l) " **Liberty Interactive** " means Liberty Interactive Corporation, a Delaware corporation.

(m) " **Liberty TripAdvisor Holdings** " means Liberty TripAdvisor Holdings, Inc., a Delaware corporation.

(n) " **Multi-Year Options** " has the meaning specified in Section 4.7 .

(o) " **New Employment Start Date** " means January 1, 2017.

(p) " **Person** " means an individual, corporation, limited liability company, partnership, trust, incorporated or unincorporated association, joint venture or other entity of any kind.

(q) " **Performance RSUs** " has the meaning specified in Section 4.8 .

(r) **"Protected Termination** " has the meaning specified in Section 5.3(a) .

(s) " **Separation** " means the Executive's "separation from service" from Employer as defined in Treasury Regulation Section 1.409A-1(h).

(t) " **Severance Payment** " means the applicable lump sum cash payment payable to the Executive pursuant to Section 5.1(a)(iv) , Section 5.2(a)(iii) , or Section 5.3(a)(iii) through (v) , as applicable.

(u) " **Standard Entitlements** " has the meaning specified in Section 5.1(a) .

(v) " **Subsidiary"** has the meaning specified in the Company's 2013 Incentive Plan (As Amended and Restated March 31,2015).

2. **Employment Period** .

2.1 **Existing Employment Agreement** . The Company and the Executive are party to an Executive Employment Agreement dated effective as of October 31, 2012 (the " **Existing Employment Agreement** "), which will continue to govern the terms of the Executive's employment with Employer until the New Employment Start Date. Notwithstanding anything to the contrary in the Existing Employment Agreement (including Section 9(i)), if the Executive's employment is terminated pursuant to Section 5(c) of the Existing Employment Agreement at any time prior to the New Employment Start Date, the Executive will be entitled to the Severance Payment (as defined in the Existing Employment Agreement) and other severance benefits specified in Section 5(c) of the Existing Employment Agreement, subject to satisfaction of the release condition set forth in Section 5(j) of the Existing Employment Agreement.

2.2 **Employment Period** . The employment term of this Agreement is effective, and Employer will employ the Executive and the Executive accepts such employment for the period beginning on the New Employment Start Date and, unless earlier terminated upon the Executive's Separation, ending at the Close of Business on December 31, 2020 (the " **Employment Period** "). If the Executive's employment with the Company is terminated for any reason prior to the New Employment Start Date, this Agreement will automatically terminate and be of no effect as of the date of such termination of the Executive's employment; provided that Section 2.1 shall survive any such termination.

3. **Title, Position and Duties** .

3.1 **Title and Reporting** .

(a) During the Employment Period, the Executive will be employed as the Chief Legal Officer of Employer, and he will report directly to Employer's Chief Executive Officer.

(b) The Company is party to a Services Agreement with each of Liberty Interactive, Liberty Broadband and Liberty TripAdvisor Holdings, pursuant to which the Company provides legal services to such entities and their respective Subsidiaries. The scope of Executive's duties as of the New Employment Start Date include that Executive will also be an employee of Liberty Interactive and will serve as Chief Legal Officer of each of Liberty

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 th of the year following the year to which such service relates. The Executive acknowledges that payment of any Bonus to the Executive is discretionary and may be made subject to the achievement of one or more performance objectives (which may include negative discretion criteria).

4.3 **Benefits** . During the Employment Period, the Executive, and his dependents, if applicable, will be entitled to participate in and be covered on the same basis as other senior executives of Employer, under all employee benefit plans and programs of Employer, including without limitation vacation, retirement, health insurance and life insurance.

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 perquisites and other personal benefits provided by Employer from time to time to its other senior executive officers during the Employment Period.

4.6 **Business Expenses** . The Company will promptly pay or reimburse the Executive for reasonable expenses incurred in connection with the Executive's employment in accordance with Employer's standard policies and practices as in effect from time to time.

4.7 **Upfront Equity Awards.** As part of the consideration for the Executive's services to be provided pursuant to this Agreement, the Company and Liberty Interactive, as applicable, have approved the grant to the Executive of the following equity awards, which grants were approved on May 24, 2016 with a grant date of June 1, 2016, pursuant to separate grant agreements dated as of the grant date (collectively, the " **Multi-Year Options** "), (i) options to acquire 386,434 shares of Liberty Interactive's Series A QVC Group common stock, (ii) options to acquire 103,832 shares of Liberty Interactive's Series A Liberty Ventures common stock, (iii) options to acquire 346,466 shares of the Company's Series C Liberty SiriusXM common stock, (iv) options to acquire 32,048 shares of the Company's Series C Liberty Braves common stock, and (v) options to acquire 83,942 shares of the Company's Series C Liberty Media common stock. The Multi-Year Options will terminate and be forfeited in their entirety upon termination of the Executive's employment with the Company for any reason prior to the New Employment Start Date.

4.8 **Annual Performance Awards** . For each of calendar years 2017, 2018, 2019, and 2020, Executive will be eligible to receive from Employer a target grant of performance-based Restricted Stock Units (the " **Performance RSUs** ") with an aggregate initial target grant value equal to at least $1,875,000 per calendar year. The initial target grant value of any Performance RSUs granted to the Executive by an Applicable Company other than Employer for any calendar year during the Employment Period will reduce the initial target grant value of the Performance RSUs that the Executive is eligible to receive from Employer under this Section 4.8 for such year. Such grants will be made pursuant to Restricted Stock Unit award agreements in the form approved by the applicable issuer from time to time, which shall include the applicable terms set forth in Section 5 as well as the issuer's other standard terms and provisions. The vesting of each grant of Performance RSUs will be subject to the satisfaction of such performance criteria as are determined in advance each year by the compensation committee of the board of directors of the applicable issuer (which may include negative discretion criteria) and will be designed in a manner such that the Performance RSUs will be treated as "qualified performance-based compensation" within the meaning of Code Section 162(m). Notwithstanding anything to the contrary in this Agreement, in no event will any Performance RSUs be granted to Executive after the date of Executive's termination of employment.

4.9 **Entirety of Compensation** . The compensation payable to the Executive pursuant to this Agreement, together with the Multi-Year Options and the Performance RSUs, constitutes the entire compensation to which Executive is entitled in respect of the services to be provided by the Executive to the Applicable Companies, Starz and any other entities to which Executive provides services at the request of the Company in accordance with Section 3.1(b) of this Agreement.

4.10 **Code Section 409A Timing of Reimbursements** . All reimbursements under this Agreement, including without limitation Section 4.6 , will be made as soon as practicable following submission of a reimbursement request, but no later than the end of the year following the year during which the underlying expense was incurred. Additionally, reimbursements or in-kind benefits made or provided to the Executive during any taxable year will not affect the expenses eligible for reimbursement or in-kind benefits provided in any other taxable year and no such reimbursements or in-kind benefits will be subject to liquidation or exchange for another benefit.

5. **Termination of Employment** .

5.1 **Termination Due to Death** .

(a) Upon termination of the Executive's employment during the Employment Period as a result of the Executive's death, the Executive's estate or his legal representative, as the case may be, will receive from Employer: (i) a lump sum payment equal to any Base Salary earned but unpaid as of the date of Separation; (ii) a lump sum payment of any unpaid expense reimbursement and any amounts required by law to be paid to the Executive (the amounts specified in this clause (ii) and the preceding clause (i), the " **Standard Entitlements** "); (iii) a lump sum payment of any declared but unpaid Bonus for the prior year; and (iv) 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 death, unless that day is not a day on which banking institutions in Denver, Colorado are open for business (a " **business day** "), in which case such payments will be made on the immediately succeeding business day.

(b) The award agreements for the Multi-Year Options will provide that, subject to Section 5.11 , upon termination of the Executive's employment during the Employment Period as a result of the Executive's death, the Multi-Year Options (i) will vest effective as of the date of the Executive's death and will become exercisable to the extent not already vested as of such date, and (ii) will remain exercisable for a period of one year following the date of the Executive's death.

(c) The award agreements for the Performance RSUs will provide that, subject to Section 5.11 , upon termination of the Executive's employment during the Employment Period as a result of the Executive's death, any issued and outstanding but unvested Performance RSUs will vest effective as of the date of the Executive's death to the extent not already vested as of such date.

5.2 **Termination Due to the Executive's Disability** .

(a) Upon 30 days' prior written notice to the Executive, Employer may terminate the Executive's employment with Employer due to Disability. If such event occurs 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 Options will provide that, subject to Section 5.11 , upon termination by Employer of the Executive's employment during the Employment Period due to Disability, the Multi-Year Options (i) will vest effective as of the date of such termination of employment and become exercisable to the extent not already vested as of such date, and (ii) will remain exercisable for a period of one year following the date of termination of the Executive's employment.

(c) The award agreements for the Performance RSUs will provide that, subject to Section 5.11 , upon termination by Employer of the Executive's employment during the Employment Period due to Disability, any issued and outstanding but unvested Performance RSUs will vest effective as of the date of such termination of employment to the extent not already vested as of such date.

5.3 **Termination by Employer Without Cause or by the Executive for Good Reason** .

(a) Upon 30 days' prior written notice to the Executive, Employer may terminate the Executive's employment with Employer without Cause. Upon 30 days' prior written notice to Employer, the Executive may terminate his employment with Employer for Good Reason. If either such event occurs during the Employment Period (if occurring during the Employment Period, a " **Protected Termination** "), the Executive will receive: (i) the Standard Entitlements; (ii) a lump sum payment of any declared but unpaid Bonus for the prior year, (iii) if such Protected Termination occurs on January 1, 2017 through March 31, 2018, a lump sum cash payment in the amount of $5,300,000, (iv) if such Protected Termination occurs on April 1, 2018 through March 31, 2019, a lump sum cash payment in the amount of $3,500,000, and (v) if such Protected Termination occurs on April 1, 2019 through the close of business on December 31, 2020, 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 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, subject to Section 5.11 :

(i) if a Protected Termination occurs on January 1, 2017 through December 31, 2019, that number of Multi-Year Options equal to 75% of the original number of Multi-Year Options granted to the Executive by the Company (less any such options that have previously vested) and that number of Multi-Year Options equal to 75% of the original number of Multi-Year Options granted to the Executive by Liberty Interactive (less any such options that have previously vested) will vest effective as of the date of such termination, in no event to exceed the total number of unvested Multi-Year Options as of the date of a Protected Termination;

(ii) if a Protected Termination occurs on January 1, 2020 through December 31, 2020, any Multi-Year Options that are issued and outstanding as of the date of such Protected Termination will vest effective as of the date of such termination and become exercisable to the extent not already vested as of such date; and

(iii) any Multiyear Options that are outstanding and vested (including as a result of the preceding acceleration provisions), but unexercised, as of the date of a Protected Termination will remain exercisable for the Special Termination Period (as defined in the applicable award agreement, which shall be consistent with the definition in the award agreements for the options granted to the Executive in connection with his Existing Employment Agreement).

(c) The award agreements for the Performance RSUs will provide that, subject to Section 5.11 , if a Protected Termination occurs during the Employment Period, any Performance RSUs that are issued and outstanding but unvested as of the date of the Protected Termination will remain outstanding until the date as of which the applicable compensation committee determines whether the performance criteria applicable to such Performance RSUs were met (such date, 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 for the entire performance year (i.e., without pro ration based on a partial year of service).

(d) For the avoidance of doubt, it shall not constitute a Protected Termination if the Company terminates the Executive's employment without Cause but immediately following such termination the Executive continues to be employed as the Chief Legal Officer of Liberty Interactive and Liberty Interactive has assumed the Company's obligations under this Agreement and has become the Employer under this Agreement.

5.4 **Termination For Cause** .

(a) Subject to the provisions of Section 1(c) , Employer may terminate the Executive's employment with Employer for Cause. In such event, the Executive will receive the Standard Entitlements. Unless earlier payment of such amounts is required pursuant to applicable law, all such payments will be made on the 45 th day after the Separation date 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 termination of the Executive's employment with Employer for Cause during the Employment Period, 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 will provide that upon a termination of the Executive's employment with Employer for Cause during the Employment

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 45 th 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 " **2020 Performance RSUs** ") 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 Section 5 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, interest or penalty imposed under Section 409A of the Code (or any regulation promulgated thereunder) if the payment or benefit were to commence within six months after a termination of the Executive's employment, then such payment or benefit required under Section 5 will instead be paid as provided in this Section 5.7 . Each severance payment contemplated under Section 5 will be treated as a separate payment in a series of separate payments under Treasury Regulation Section 1.409A-2(b)(2)(iii). Such payments or benefits which would have otherwise been required to be made during such six month period will be paid, without interest, to the Executive in one lump sum payment or otherwise provided to the Executive on the first business day that is six months and one day after the termination of the Executive's employment. Thereafter, the payments and benefits will continue, if applicable, for the relevant period set forth above. For purposes of this Agreement, with respect to any payment under this Agreement that is subject to (and not exempt from) Code Section 409A, all references to "Separation," "termination of employment" and other similar language will be deemed to refer to the Executive's "separation from service" with Employer as defined in Treasury Regulation Section 1.409A-1(h).

5.8 **Full Settlement; No Mitigation** . Employer's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder will not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which Employer or any Subsidiary may have against the Executive. In no event will the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement.

5.9 **Non-exclusivity of Rights** . Nothing in this Agreement will prevent or limit the Executive's continuing or future participation in any employee benefit plan, program, policy or practice provided by Employer or a Subsidiary of Employer and for which the Executive may qualify, except as specifically provided herein. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of Employer or a Subsidiary of Employer at or subsequent to a Separation will be payable in accordance with such plan, policy, practice or program, except as explicitly modified by this Agreement.

5.10 **Termination of Employment with an Applicable Company other than Employer** . The Executive's employment with, provision of services to, or status as the Chief Legal Officer of any of the Applicable Companies other than Employer may be terminated at any time, with or without cause or for any reason at all, and without any liability to the Executive, it being acknowledged that the provisions of this Section 5 do not apply to any such termination. The provisions of this Section 5.10 do not impact any rights of the Executive under this Agreement to terminate his employment with Employer for Good Reason.

5.11 **Release Condition** . If the Executive's employment hereunder is terminated pursuant to Section 5.1 , Section 5.2 , Section 5.3 or Section 5.6 , the payment by Employer to the Executive of any Severance Payment or other payments or benefits under the applicable Section (other than the Standard Entitlements), as well as any benefits described in those Sections pertaining to the Multi-Year Options and the Performance RSUs, shall be subject to, and conditioned upon, the execution and delivery to Employer by the Executive (or by the Executive's legal representative, if applicable), within the applicable time period described below, of a severance agreement and general release (the " **Release** ") in a form that is reasonably satisfactory to Employer and consistent with the form of severance agreement and general release then used by Employer for senior executives. The form of Release shall be delivered to the Executive on the date of termination in the case of a termination of the Executive's employment by Employer, or as soon as reasonably practicable following the date of termination in the case of a termination of employment by the Executive or for death or Disability. The Executive shall have a period of 21 days (or, if required by applicable law, a period of 45 days) from the Executive's (or the Executive's legal representative, if applicable) receipt of the form of Release (the " **Consideration Period** ") in which to execute and return the original, signed Release to Employer. If the Executive delivers the original, signed Release to Employer prior to the expiration of the Consideration Period and does not thereafter revoke such Release within any period of time provided for such revocation under applicable law, Executive shall be entitled to any Severance Payments and other payments and benefits specified in Section 5.1 , Section 5.2 , Section 5.3 or Section 5.6 , as applicable, including benefits described in those Sections pertaining to the Multi-Year Options and the Performance RSUs.

6. **Confidential Information** . The Executive will not, during or after the Employment Period, without the prior express written consent of Employer, directly or indirectly use or divulge, disclose or make available or accessible any Confidential Information (as defined below) to any person, firm, partnership, corporation, trust or any other entity or third party (other than when required to do so in good faith to perform the Executive's duties and responsibilities under this Agreement or when (i) required to do so by a lawful order of a court of competent

jurisdiction, any governmental authority or agency, or any recognized subpoena power, or (ii) necessary to prosecute the Executive's rights against Employer or a Subsidiary of Employer or to defend himself against any allegations). The Executive will also proffer to Employer, no later than the effective date of any termination of the Executive's engagement with Employer for any reason, and without retaining any copies, notes or excerpts thereof, all memoranda, computer disks or other media, computer programs, diaries, notes, records, data, customer or client lists, marketing plans and strategies, and any other documents consisting of or containing Confidential Information that are in the Executive's actual or constructive possession or which are subject to the Executive's control at such time. For purposes of this Agreement, " **Confidential Information** " will mean all information respecting the business and activities of an Applicable Company or any Subsidiary of an Applicable Company, including, without limitation, the clients, customers, suppliers, employees, consultants, computer or other files, projects, products, computer disks or other media, computer hardware or computer software programs, marketing plans, financial information, methodologies, know-how, processes, practices, approaches, projections, forecasts, formats, systems, trade secrets, data gathering methods and/or strategies of an Applicable Company or any Subsidiary of an Applicable Company. Notwithstanding the immediately preceding sentence, Confidential Information will not include any information that is, or becomes, generally available to the public (unless such availability occurs as a result of the Executive's breach of any of his obligations under this Section). If the Executive is in breach of any of the provisions of this Section 6 or if any such breach is threatened by the Executive, in addition to and without limiting or waiving any other rights or remedies available to Employer at law or in equity, Employer shall be entitled to immediate injunctive relief in any court, domestic or foreign, having the capacity to grant such relief, without the necessity of posting a bond, to restrain any such breach or threatened breach and to enforce the provisions of this Section 6. The Executive agrees that there is no adequate remedy at law for any such breach or threatened breach and, if any action or proceeding is brought seeking injunctive relief, the Executive will not use as a defense thereto that there is an adequate remedy at law.

7. **Successors and Assigns** . This Agreement will bind and inure to the benefit of and be enforceable by the Executive, Employer, the Executive's and Employer's respective successors and assigns and the Executive's estate, heirs and legal representatives (as applicable). Without the consent of the Executive, Employer may assign this Agreement to Liberty Interactive or another Applicable Company or to or any other successor to Employer, whereupon the references in this Agreement to "Employer" will become references to such assignee or successor, as applicable. For the avoidance of doubt, no such assignment shall be treated as a termination of the Executive's employment with the assignor for purposes of this Agreement.

8. **Notices** . Any notice provided for in this Agreement must be in writing and must be either personally delivered, mailed by first class mail (postage prepaid and return receipt requested) or sent by reputable overnight courier service (charges prepaid) to the recipient at the address below indicated:

To the Company:	Liberty Media Corporation 12300 Liberty Boulevard Englewood, CO 80112 Attention: Chairman of the Board
To the Executive:	at the address listed in the Company's personnel records and by email at rnbaer@gmail.com

9. **General Provisions** .

9.1 **Severability** . Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will (except as otherwise expressly provided herein) be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

9.2 **Entire Agreement** . This Agreement, together with the agreements evidencing the Multi-Year Options and the Performance RSUs, contains the entire agreement between the parties concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect thereto, including without limitation any non-binding term sheets addressing potential provisions of this agreement.

9.3 **No Strict Construction; headings** . The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction will be applied against any party. The headings of the sections contained in this Agreement are for convenience only and will not be deemed to control or affect the meaning or construction of any provision of this Agreement.

9.4 **Counterparts** . This Agreement may be executed and delivered in separate counterparts (including by facsimile, "PDF" scanned image or other electronic means), each of which is deemed to be an original and all of which taken together constitute one and the same agreement. This Agreement will become effective only when counterparts have been executed and delivered by all parties whose names are set forth on the signature page(s) hereof.

9.5 **Applicable Law** . This Agreement will be governed by and construed in accordance with the laws of the State of Colorado, applied without reference to principles of conflict of laws.

9.6 **Compliance with Section 409A** . To the extent that the provisions of Section 409A of the Code or any Treasury regulations promulgated thereunder are applicable to any amounts payable hereunder, the parties intend that this Agreement will meet the requirements of such Code section and regulations and that the provisions hereof will be interpreted in a manner that is consistent with such intent. The Executive will cooperate with Employer in taking such actions as Employer may reasonably request to assure that this Agreement will meet the requirements of Section 409A of the Code and any regulations promulgated thereunder. In no event will the Applicable Companies be liable for any additional tax, interest or penalties that may be imposed on the Executive under Section 409A of the Code or for any damages for failing to comply with Section 409A of the Code.

9.7 **Amendment and Waiver** . The provisions of this Agreement may be amended only by a writing signed by Employer and the Executive. No waiver by a party of a breach or default hereunder will be valid unless in a writing signed by the waiving party, and no such waiver will be deemed a waiver of any subsequent breach or default.

9.8 **Withholding** . All payments to the Executive under this Agreement will be subject to withholding on account of federal, state and local taxes as required by law.

9.9 **Survival** . Obligations of the Executive and Employer existing as of the date of Separation or expiration of the Employment Period that have not been fully performed or that by their nature would be intended to survive a Separation or expiration will survive and continue in effect in accordance with their terms, including the provisions of Sections 6, 7, 8 and 9 . Notwithstanding the foregoing or anything else in this Agreement to the contrary, if the Executive continues to be employed by Employer following December 31, 2020, such employment will be on an “at will” basis unless and until a new employment agreement is entered into. For the avoidance of doubt, the provisions of Section 5.1 , Section 5.2 and Section 5.3 entitling the Executive to various cash payments and other benefits upon Separation will not apply to any such Separation that occurs at or after the Close of Business on December 31, 2020.

9.10 **Arbitration.** Except as provided in Section 6 , any controversy, claim or dispute arising out of or in any way relating to this Agreement (including whether such controversy, claim or dispute is subject to arbitration), excepting only claims that may not, by statute, be arbitrated, will be submitted to binding arbitration. Both the Executive and Employer acknowledge that they are relinquishing their right to a jury trial. The Executive and Employer agree that arbitration will be the exclusive method for resolving disputes arising out of or related to the Executive’s employment with Employer.

The arbitration will be administered by JAMS in accordance with the Employment Arbitration Rules & Procedures of JAMS then in effect and subject to JAMS Policy on Employment Arbitration Minimum Standards, except as otherwise provided in this Agreement. Arbitration will be commenced and heard in the Denver, Colorado metropolitan area. Only one arbitrator will preside over the proceedings, who will be selected by agreement of the parties from a list of five or more qualified arbitrators provided by the arbitration tribunal, or if the parties are unable to agree on an arbitrator within 10 business days following receipt of such list, the arbitration tribunal will select the arbitrator. The arbitrator will apply the substantive law (and the law of remedies, if applicable) of Colorado or federal law, or both, as applicable to the claim(s) asserted. In any arbitration, the burden of proof will be allocated as provided by applicable law. The arbitrator will have the authority to award any and all legal and equitable relief authorized by the law applicable to the claim(s) being asserted in the arbitration, as if the 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 limited judicial review consistent with applicable law. If any part of this arbitration provision is deemed to be unenforceable by an arbitrator or a court of law, that part may be severed or reformed so as to make the balance of this arbitration provision enforceable.

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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

EXHIBIT 31.1

CERTIFICATION

I, Gregory B. Maffei, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Media Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and

   d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2016

/s/ GREGORY B. MAFFEI

Gregory B. Maffei
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Mark D. Carleton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Media Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and

   d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2016

/s/ MARK D. CARLETON

Mark D. Carleton
Chief Financial Officer

Exhibit 32

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Liberty Media Corporation, a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ended September 30, 2016 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 8, 2016	/s/ GREGORY B. MAFFEI
	Gregory B. Maffei *President and Chief Executive Officer*
Dated: November 8, 2016	/s/ MARK D. CARLETON
	Mark D. Carleton *Chief Financial Officer* *(Principal Financial Officer and Principal Accounting Officer)*

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

Exhibit 99.1

Unaudited Attributed Financial Information for Tracking Stock Groups

The following tables present our assets and liabilities as of September 30, 2016 and revenue and expenses for the three and nine months ended September 30, 2016 and 2015 and cash flows for the nine months ended September 30, 2016 and 2015. The tables further present our assets, liabilities, revenue, expenses and cash flows that are intended to be attributed to the Liberty SiriusXM Group, Liberty Braves Group and the Liberty Media Group, respectively. The financial information should be read in conjunction with our condensed consolidated financial statements for the nine months ended September 30, 2016 included in this Quarterly Report on Form 10-Q. The Recapitalization was completed on April 15, 2016 and the newly issued shares commenced trading or quotation in the regular way on the Nasdaq Global Select Market or the OTC Markets, as applicable, on Monday, April 18, 2016.

The attributed financial information presented herein has been prepared assuming this attribution had been completed as of January 1, 2015. However, this attribution of historical financial information does not purport to be what actual results and balances would have been if such attribution had actually occurred and been in place during these periods. Therefore, the attributed net earnings (losses) presented in the unaudited attributed financial information are not the same as the net earnings (losses) reflected in the Liberty Media Corporation condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. The net earnings (losses) attributed to the Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Media common stock for purposes of those financial statements only relates to the period after the Recapitalization.

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

SUMMARY ATTRIBUTED FINANCIAL DATA

Liberty SiriusXM Group

Summary Balance Sheet Data:

		September 30, 2016	December 31, 2015
		amounts in millions	
Cash and cash equivalents	$	611	112
Investments in affiliates, accounted for using the equity method	$	165	153
Intangible assets not subject to amortization	$	23,695	23,695
Intangible assets subject to amortization, net	$	1,001	1,027
Total assets	$	27,432	27,001
Deferred revenue	$	1,811	1,769
Long-term debt, including current portion	$	6,362	5,709
Deferred tax liabilities	$	1,952	1,622
Attributed net assets	$	10,026	9,599
Noncontrolling interest	$	6,273	7,198

Summary Statement of Operations Data:

		Three months ended September 30,		Nine months ended September 30,	
		2016	2015	2016	2015
		amounts in millions			
Revenue	$	1,276	1,165	3,711	3,360
Cost of subscriber services (1)	$	(489)	(434)	(1,442)	(1,352)
Other operating expenses (1)	$	(18)	(18)	(382)	(53)
Selling, general and administrative expense (1)	$	(202)	(170)	(549)	(511)
Operating income (loss)	$	367	328	1,046	812
Interest expense	$	(93)	(80)	(260)	(229)
Income tax (expense) benefit	$	(127)	(97)	(328)	(252)
Net earnings (loss) attributable to noncontrolling interests	$	54	63	177	139
Earnings (loss) attributable to Liberty Media Corporation stockholders	$	96	89	294	189

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

		Three months ended September 30,		Nine months ended September 30,	
		2016	2015	2016	2015
		amounts in millions			
Cost of subscriber services	$	8	8	20	23
Other operating expenses		3	5	9	13
Selling, general and administrative expense		25	28	61	79
	$	36	41	90	115

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)
Interest expense	$	(5)	(3)	(12)	(13)
Share of earnings (losses) of affiliates, net	$	33	26	26	(11)
Realized and unrealized gains (losses) on financial instruments, net	$	7	(200)	(33)	(188)
Income tax (expense) benefit	$	(6)	75	(165)	99
Earnings (loss) attributable to Liberty Media Corporation stockholders	$	41	(121)	289	(160)

(1) Includes stock-based compensation of $2 million and $12 million for the three months ended September 30, 2016 and 2015, respectively and $12 million and $27 million for the nine months ended September 30, 2016 and 2015, respectively.

BALANCE SHEET INFORMATION
September 30, 2016
(unaudited)

	Attributed (note 1)				
	Liberty SiriusXM Group	Liberty Braves Group	Liberty Media Group	Inter-Group Eliminations	Consolidated Liberty
	amounts in millions				
Assets					
Current assets:					
Cash and cash equivalents	$ 611	109	220	—	940
Trade and other receivables, net	233	39	2	—	274
Other current assets	236	16	6	—	258
Total current assets	1,080	164	228	—	1,472
Intergroup interest in the Liberty Braves Group (note 2)	—	—	158	(158)	—
Investments in available-for-sale securities and other cost investments (note 3)	—	8	1,241	—	1,249
Investments in affiliates, accounted for using the equity method (note 4)	165	56	935	—	1,156
Property and equipment, at cost	2,038	783	159	—	2,980
Accumulated depreciation	(703)	(46)	(68)	—	(817)
	1,335	737	91	—	2,163
Intangible assets not subject to amortization					
Goodwill	14,165	180	—	—	14,345
FCC licenses	8,600	—	—	—	8,600
Other	930	143	—	—	1,073
	23,695	323	—	—	24,018
Intangible assets subject to amortization, net	1,001	69	—	—	1,070
Other assets	156	12	294	(27)	435
Total assets	$ 27,432	1,369	2,947	(185)	31,563
Liabilities and Equity					
Current liabilities:					
Intergroup payable (receivable) (note 7)	$ (6)	(1)	7	—	—
Accounts payable and accrued liabilities	732	66	26	—	824
Current portion of debt (note 5)	609	—	—	—	609
Deferred revenue	1,811	27	—	—	1,838
Other current liabilities	3	—	12	—	15
Total current liabilities	3,149	92	45	—	3,286
Long-term debt (note 5)	5,753	211	1,546	—	7,510
Deferred income tax liabilities	1,952	37	47	(27)	2,009
Redeemable intergroup interest (note 2)	—	158	—	(158)	—
Other liabilities	279	431	55	—	765
Total liabilities	11,133	929	1,693	(185)	13,570
Equity / Attributed net assets	10,026	425	1,254	—	11,705
Noncontrolling interests in equity of subsidiaries	6,273	15	—	—	6,288
Total liabilities and equity	$ 27,432	1,369	2,947	(185)	31,563

STATEMENT OF OPERATIONS INFORMATION
Three months ended September 30, 2016
(unaudited)

	Attributed (note 1)			
	Liberty SiriusXM Group	Liberty Braves Group	Liberty Media Group	Consolidated Liberty
	amounts in millions			
Revenue:				
Subscriber revenue	$ 1,069	—	—	1,069
Other revenue	207	109	—	316
Total revenue	1,276	109	—	1,385
Operating costs and expenses, including stock-based compensation (note 6):				
Cost of subscriber services (exclusive of depreciation shown separately below):				
Revenue share and royalties	273	—	—	273
Programming and content	90	—	—	90
Customer service and billing	95	—	—	95
Other	31	—	—	31
Subscriber acquisition costs	121	—	—	121
Other operating expenses	18	78	—	96
Selling, general and administrative	202	18	15	235
Depreciation and amortization	79	12	1	92
	909	108	16	1,033
Operating income (loss)	367	1	(16)	352
Other income (expense):				
Interest expense	(93)	—	(5)	(98)
Share of earnings (losses) of affiliates, net	2	2	33	37
Realized and unrealized gains (losses) on financial instruments, net	—	—	7	7
Unrealized gains (losses) on intergroup interest (note 2)	—	(25)	25	—
Other, net	1	1	3	5
	(90)	(22)	63	(49)
Earnings (loss) before income taxes	277	(21)	47	303
Income tax (expense) benefit	(127)	(1)	(6)	(134)
Net earnings (loss)	150	(22)	41	169
Less net earnings (loss) attributable to the noncontrolling interests	54	—	—	54
Net earnings (loss) attributable to Liberty stockholders	$ 96	(22)	41	115

STATEMENT OF OPERATIONS INFORMATION
Three months ended September 30, 2015
(unaudited)

	Attributed (note 1) Liberty SiriusXM Group	Liberty Braves Group	Liberty Media Group	Consolidated Liberty
	amounts in millions			
Revenue:				
Subscriber revenue	$ 969	—	—	969
Other revenue	196	119	—	315
Total revenue	1,165	119	—	1,284
Operating costs and expenses, including stock-based compensation (note 6):				
Cost of subscriber services (exclusive of depreciation shown separately below):				
Revenue share and royalties	239	—	—	239
Programming and content	68	—	—	68
Customer service and billing	94	—	—	94
Other	33	—	—	33
Subscriber acquisition costs	133	—	—	133
Other operating expenses	18	75	—	93
Selling, general and administrative	170	17	20	207
Depreciation and amortization	82	11	3	96
	837	103	23	963
Operating income (loss)	328	16	(23)	321
Other income (expense):				
Interest expense	(80)	(1)	(3)	(84)
Share of earnings (losses) of affiliates, net	1	2	26	29
Realized and unrealized gains (losses) on financial instruments, net	—	—	(200)	(200)
Other, net	—	—	4	4
	(79)	1	(173)	(251)
Earnings (loss) before income taxes	249	17	(196)	70
Income tax (expense) benefit	(97)	(7)	75	(29)
Net earnings (loss)	152	10	(121)	41
Less net earnings (loss) attributable to the noncontrolling interests	63	—	—	63
Net earnings (loss) attributable to Liberty stockholders	$ 89	10	(121)	(22)

STATEMENT OF OPERATIONS 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			
Revenue:				
Subscriber revenue	$ 3,110	—	—	3,110
Other revenue	601	244	—	845
Total revenue	3,711	244	—	3,955
Operating costs and expenses, including stock-based compensation (note 6):				
Cost of subscriber services (exclusive of depreciation shown separately below):				
Revenue share and royalties	789	—	—	789
Programming and content	258	—	—	258
Customer service and billing	286	—	—	286
Other	109	—	—	109
Subscriber acquisition costs	382	—	—	382
Other operating expenses	57	208	—	265
Selling, general and administrative	549	51	44	644
Legal settlement, net	—	—	(511)	(511)
Depreciation and amortization	235	30	7	272
	2,665	289	(460)	2,494
Operating income (loss)	1,046	(45)	460	1,461
Other income (expense):				
Interest expense	(260)	—	(12)	(272)
Share of earnings (losses) of affiliates, net	11	6	26	43
Realized and unrealized gains (losses) on financial instruments, net	—	—	(33)	(33)
Unrealized gains (losses) on intergroup interest (note 2)	—	2	(2)	—
Other, net	2	—	15	17
	(247)	8	(6)	(245)
Earnings (loss) before income taxes	799	(37)	454	1,216
Income tax (expense) benefit	(328)	15	(165)	(478)
Net earnings (loss)	471	(22)	289	738
Less net earnings (loss) attributable to the noncontrolling interests	177	—	—	177
Net earnings (loss) attributable to Liberty stockholders	$ 294	(22)	289	561

STATEMENT OF OPERATIONS INFORMATION
Nine months ended September 30, 2015
(unaudited)

	Attributed (note 1)			
	Liberty SiriusXM Group	Liberty Braves Group	Liberty Media Group	Consolidated Liberty
	amounts in millions			
Revenue:				
Subscriber revenue	$ 2,812	—	—	2,812
Other revenue	548	227	—	775
Total revenue	3,360	227	—	3,587
Operating costs and expenses, including stock-based compensation (note 6):				
Cost of subscriber services (exclusive of depreciation shown separately below):				
Revenue share and royalties	783	—	—	783
Programming and content	191	—	—	191
Customer service and billing	280	—	—	280
Other	98	—	—	98
Subscriber acquisition costs	392	—	—	392
Other operating expenses	53	173	—	226
Selling, general and administrative	511	45	52	608
Depreciation and amortization	240	25	7	272
	2,548	243	59	2,850
Operating income (loss)	812	(16)	(59)	737
Other income (expense):				
Interest expense	(229)	(2)	(13)	(244)
Share of earnings (losses) of affiliates, net	(3)	6	(11)	(8)
Realized and unrealized gains (losses) on financial instruments, net	—	—	(188)	(188)
Other, net	—	—	12	12
	(232)	4	(200)	(428)
Earnings (loss) before income taxes	580	(12)	(259)	309
Income tax (expense) benefit	(252)	3	99	(150)
Net earnings (loss)	328	(9)	(160)	159
Less net earnings (loss) attributable to the noncontrolling interests	139	—	—	139
Net earnings (loss) attributable to Liberty stockholders	$ 189	(9)	(160)	20

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 provided by operating activities:				
Depreciation and amortization	235	30	7	272
Stock-based compensation	90	7	12	109
Share of (earnings) loss of affiliates, net	(11)	(6)	(26)	(43)
Unrealized (gains) losses on intergroup interest, net	—	(2)	2	—
Realized and unrealized (gains) losses on financial instruments, net	—	—	33	33
Deferred income tax expense (benefit)	319	(10)	98	407
Intergroup tax allocation	(9)	(4)	13	—
Intergroup tax (payments) receipts	2	7	(9)	—
Other charges (credits), net	27	3	5	35
Changes in operating assets and liabilities				
Current and other assets	6	(39)	4	(29)
Payables and other liabilities	67	55	7	129
Net cash provided (used) by operating activities	1,197	19	435	1,651
Cash flows from investing activities:				
Investments in and loans to cost and equity investees	—	(13)	(749)	(762)
Cash proceeds from sale of investments	—	—	61	61
Proceeds (payments) on financial instruments, net	—	—	(1)	(1)
Capital expended for property and equipment	(132)	(185)	(1)	(318)
Purchases of short term investments and other marketable securities	—	—	(258)	(258)
Sales of short term investments and other marketable securities	—	—	273	273
Other investing activities, net	(4)	(27)	26	(5)
Net cash provided (used) by investing activities	(136)	(225)	(649)	(1,010)
Cash flows from financing activities:				
Borrowings of debt	1,387	194	438	2,019
Repayments of debt	(749)	(126)	(1)	(876)
Intergroup (payments) receipts	8	(34)	26	—
Shares repurchased by subsidiary	(1,225)	—	—	(1,225)
Proceeds from Liberty Braves common stock rights offering	—	203	—	203
Taxes paid in lieu of shares issued for stock-based compensation	(34)	—	(9)	(43)
Other financing activities, net	51	65	(96)	20
Net cash provided (used) by financing activities	(562)	302	358	98
Net increase (decrease) in cash and cash equivalents	499	96	144	739
Cash and cash equivalents at beginning of period	112	13	76	201
Cash and cash equivalents at end of period	$ 611	109	220	940

STATEMENT OF CASH FLOWS INFORMATION
Nine months ended September 30, 2015
(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)	$ 328	(9)	(160)	159
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	240	25	7	272
Stock-based compensation	115	5	27	147
Share of (earnings) loss of affiliates, net	3	(6)	11	8
Realized and unrealized (gains) losses on financial instruments, net	—	—	188	188
Deferred income tax expense (benefit)	225	(5)	(122)	98
Intergroup tax allocation	(3)	2	1	—
Intergroup tax (payments) receipts	—	1	(1)	—
Other charges (credits), net	16	3	1	20
Changes in operating assets and liabilities				
Current and other assets	(154)	12	1	(141)
Payables and other liabilities	113	(8)	37	142
Net cash provided (used) by operating activities	883	20	(10)	893
Cash flows from investing activities:				
Cash proceeds from dispositions of investments	—	24	151	175
Proceeds (payments) from settlement of financial instruments, net	—	—	(88)	(88)
Capital expended for property and equipment	(91)	(84)	(1)	(176)
Purchases of short term investments and other marketable securities	—	—	(51)	(51)
Sales of short term investments and other marketable securities	—	—	231	231
Other investing activities, net	—	(10)	(30)	(40)
Net cash provided (used) by investing activities	(91)	(70)	212	51
Cash flows from financing activities:				
Borrowings of debt	1,579	200	—	1,779
Repayments of debt	(688)	(130)	—	(818)
Intergroup (payments) receipts	9	—	(9)	—
Repurchases of Liberty common stock	—	—	(303)	(303)
Shares repurchased by subsidiary	(1,648)	—	—	(1,648)
Taxes paid in lieu of shares issued for stock-based compensation	(39)	—	(12)	(51)
Other financing activities, net	—	—	4	4
Net cash provided (used) by financing activities	(787)	70	(320)	(1,037)
Net increase (decrease) in cash and cash equivalents	5	20	(118)	(93)
Cash and cash equivalents at beginning of period	148	11	522	681
Cash and cash equivalents at end of period	$ 153	31	404	588

(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 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 Group is comprised of all of the businesses, assets and liabilities of Liberty other than those specifically attributed to the Liberty SiriusXM Group or the Liberty Braves Group, including Liberty's interests in Live Nation Entertainment, Inc. ("Live Nation"), minority equity investments in Time Warner Inc. ("Time Warner"), Viacom, Inc. ("Viacom") and Formula 1, the Intergroup Note, the recovery received in connection with the Vivendi lawsuit, cash, an intergroup interest in the Liberty Braves Group as well as Liberty's 1.375% Cash Convertible Notes due 2023 and related financial instruments. As discussed in more detail in note 3, on September 7, 2016 Liberty, through its indirect wholly owned subsidiary Liberty GR Cayman Acquisition Company, entered into two definitive stock purchase agreements relating to the acquisition of Delta Topco Limited ("Delta Topco"), the parent company of Formula 1, a global motorsports business. The first purchase agreement was completed on September 7, 2016 and provided for the acquisition of slightly less than a 20% minority stake in Formula 1 on an undiluted basis. On October 27, 2016 under the terms of the first purchase agreement, Liberty acquired an additional incremental equity interest of Delta Topco, maintaining Liberty's investment in Delta Topco on an undiluted basis and increasing slightly to 19.1% on a fully diluted basis. Liberty's interest in Delta Topco and by extension Formula 1 is attributed to the Liberty Media Group. It is expected that Liberty will acquire 100% of the fully diluted equity interests of Delta Topco, other than a nominal number of shares held by certain Formula 1 teams, in a closing under the second purchase agreement (and following the unwind of the first purchase agreement) upon the satisfaction of certain conditions, including certain regulatory and stockholder approvals as discussed in note 3. The second closing (subject to stockholder approval) is expected to occur in the first quarter of 2017. Liberty's anticipated acquired interest in Formula 1, along with existing Formula 1 cash and debt (which will be non-recourse to Liberty), will be attributed to the Liberty Media Group, which will be renamed the Formula One Group upon completion of the second closing, and the ticker symbols for the Series A, Series B and Series C Liberty Media Group tracking stocks will be changed from LMC (A/B/K), respectively, to FWON (A/B/K), respectively. As of September 30, 2016, the Liberty Media Group has cash and cash equivalents of approximately $220 million.

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

(2) As part of the Recapitalization, the Liberty Media Group initially held a 20% intergroup interest in the Liberty Braves Group. As a result of the rights offering, the number of notional shares underlying the intergroup interest was adjusted to 9,084,940, representing a 15.5% intergroup interest in the Liberty Braves Group as of September 30, 2016. The intergroup interest is a quasi-equity interest which is not represented by outstanding shares of common stock; rather, the Liberty Media Group has an attributed value in the Liberty Braves Group which is generally stated in terms of a number of shares of stock issuable to the Liberty Media Group with respect to its interest in the Liberty Braves Group. Each reporting period, the notional shares representing the intergroup interest are marked to fair value. The change in fair value is recorded in the Unrealized gain (loss) on intergroup interest line item in the unaudited attributed condensed consolidated statements of operations. The Liberty Media Group's intergroup interest is reflected in the Investment in intergroup interest line item, and the Liberty Braves Group liability for the intergroup interest is reflected in the Redeemable intergroup interest line item in the unaudited attributed condensed consolidated balance sheets. Both accounts are presented as noncurrent, as there are currently no plans for the settlement of the intergroup interest. Appropriate eliminating entries are recorded in the Company's consolidated financial statements.

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

The intergroup interest will remain outstanding until the redemption of the outstanding interest, at the discretion of the Company's Board of Directors, through transfer of securities, cash and/or other assets from the Liberty Braves Group to the Liberty Media Group.

(3) Investments in AFS securities, which are recorded at their respective fair market values, and other cost investments are summarized as follows:

	September 30, 2016	December 31, 2015
	amounts in millions	
Liberty SiriusXM Group		
Other AFS and cost investments	$ —	—
Total attributed Liberty SiriusXM Group	—	—
Liberty Braves Group		
Other AFS and cost investments	8	8
Total attributed Liberty Braves Group	8	8
Liberty Media Group		
Fair Value Option Securities		
Time Warner (a)	339	275
Viacom (b)	70	76
Other equity securities	11	74
Other debt securities	—	25
Total Fair Value Option Securities	420	450
AFS and cost investments		
Formula 1 (c)	746	—
Live Nation debt securities	24	24
Other AFS and cost investments	51	51
Total AFS and cost investments	821	75
Total attributed Liberty Media Group	1,241	525
Consolidated Liberty	$ 1,249	533

(a) Shares of Time Warner, which are attributed to the Liberty Media Group, are pledged as collateral pursuant to the Braves Holdings mixed-use development facility, which is attributed to the Liberty Braves Group. See note 5 below for details regarding the number and fair value of shares pledged as collateral pursuant to the Braves Holdings mixed-use development facility as of September 30, 2016.

(b) During the nine months ended September 30, 2015, Liberty sold 1.8 million shares of Viacom common stock for approximately $122 million in proceeds.

(c) On September 7, 2016 Liberty entered into two definitive stock purchase agreements relating to the acquisition of Delta Topco Limited ("Delta Topco"), the parent company of Formula 1, a global motorsports business, from a consortium of sellers led by CVC Capital Partners ("CVC"). The first purchase agreement was completed on September 7, 2016 and provided for Liberty's acquisition of slightly less than a 20% minority stake in Formula 1 on an undiluted basis for $746 million, funded entirely in cash (which is equal to $821 million in consideration less a $75 million discount to be repaid by Liberty to selling stockholders upon completion of the acquisition). On October 27, 2016 under the terms of the first purchase agreement, Liberty acquired an additional incremental equity interest of Delta Topco, maintaining Liberty's investment in Delta Topco on an undiluted basis and increasing slightly to 19.1% on a fully diluted basis. It is expected that Liberty will acquire 100% of the fully diluted equity interests of Delta Topco, other than a nominal number of shares held by certain

Formula 1 teams, in a closing under the second purchase agreement (and following the unwind of the first purchase agreement) 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 does 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 Series C Liberty Media Group tracking stock (LMCK) and a debt instrument exchangeable into LMCK shares. In the acquisition the selling stockholders will receive a mix of consideration comprising $1.1 billion in cash (including the cash consideration delivered to certain selling shareholders of Delta Topco under the first stock purchase agreement on September 7, 2016 and on October 27, 2016), 138 million newly issued shares of LMCK and an approximately $351 million exchangeable debt instrument to be issued by Delta Topco and exchangeable into shares of LMCK. Funding for the cash component of the acquisition is expected to come from cash on hand at the Liberty Media Group, debt financing backed by some of our public equity securities and potential liquidity from Liberty Media Group’s portfolio of public equity securities. The newly issued LMCK shares will be subject to market co-ordination and lock-up agreements. If the acquisition is completed, the consortium of sellers led by CVC will own approximately 65% of the pro forma equity interest in the then re-named Formula One Group, inclusive of the dilutive effect of the exchangeable debt instrument, and will have board representation at Formula 1.

The completion of the acquisition is subject to certain conditions, including the receipt of: (i) certain clearances and approvals by antitrust and competition law authorities in various countries, (ii) certain third-party consents and approvals, including that of the Fédération Internationale de l'Automobile, the governing body of Formula 1, and (iii) the approval of Liberty's stockholders of the issuance of LMCK shares in connection with the acquisition. Liberty has agreed to use its reasonable endeavors to solicit proxies to approve the issuance of LMCK shares in connection with the acquisition and to approve the name change of the Liberty Media Group to the Formula One Group. Additional information regarding the acquisition of Formula 1 will be included in a proxy statement to be filed by Liberty with the Securities and Exchange Commission (a preliminary filing of which has been made) relating to the matters to be voted upon by Liberty's stockholders described above.

(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
Liberty Braves Group				
Other	various	NA	56	39
Total Liberty Braves Group			56	39
Liberty Media Group				
Live Nation (b)	34 %	$ 1,914	776	764
Other	various	NA	159	159
			935	923
Consolidated Liberty			$ 1,156	1,115

(a) SIRIUS XM has an investment in SIRIUS XM Canada that was recorded at fair value, based on the market price per share (level 1), in the application of purchase accounting upon the acquisition of a controlling interest in SIRIUS XM on January 18, 2013. See discussion below of SIRIUS XM Canada.

(b) Shares of Live Nation, which are held by the Liberty Media Group, are pledged as collateral pursuant to a margin loan agreement, which is held by the Liberty SiriusXM Group. See note 5 below for details regarding the number and fair value of shares pledged as collateral pursuant to this margin loan agreement as of September 30, 2016.

SIRIUS XM Canada

In the acquisition of SIRIUS XM, Liberty acquired an interest in SIRIUS XM Canada which SIRIUS XM accounts for as an equity method affiliate. Liberty recognized the investment at fair value, based on the market price per share (level 1), on the date of acquisition.

SIRIUS XM has entered into agreements to provide 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 and XM platforms, respectively, royalties for activation fees and premium services and reimbursement for other charges. At September 30, 2016, SIRIUS XM has approximately $3 million and $9 million in current and noncurrent related party liabilities, respectively, related to these agreements described above with SIRIUS XM Canada which are recorded in current and noncurrent other liabilities, respectively, in the Company's condensed consolidated balance sheet. Additionally, SIRIUS XM has approximately $5 million in current related party assets at September 30, 2016 due to activation fees and streaming and chipset costs for which SIRIUS XM Canada reimburses SIRIUS XM that are recorded in other current assets in the Company's condensed consolidated balance sheet. SIRIUS XM recorded approximately $12 million and $18 million in revenue for the three months ended September 30, 2016 and 2015, respectively, and $32 million and $44 million for the nine months ended September 30, 2016 and 2015, respectively, associated with these various agreements in the other revenue line in the condensed consolidated statements of operations. SIRIUS XM Canada declared dividends to SIRIUS

XM of $4 million during the three months ended September 30, 2015, and $8 million and $12 million during the nine months ended September 30, 2016 and 2015, respectively.

On May 12, 2016, a subsidiary of SIRIUS XM, Sirius XM Radio Inc. (“Sirius XM Radio”), entered into an arrangement agreement (the “Arrangement Agreement”) with SIRIUS XM Canada. Pursuant to the Arrangement Agreement, SIRIUS XM Radio and certain Canadian shareholders will form a new company to acquire shares of SIRIUS XM Canada not already owned by them pursuant to a plan of arrangement (the “Transaction”). In connection with the Transaction, SIRIUS XM Canada’s shareholders will be entitled to elect to receive, for each share of SIRIUS XM Canada held, C$4.50 (U.S.$3.50 as of May 12, 2016) in (i) cash, (ii) shares of SIRIUS XM’s common stock, (iii) a security exchangeable for shares of SIRIUS XM’s common stock, or (iv) a combination thereof; provided that no more than 50% of the total consideration in the Transaction (or up to 35 million shares) will be issued in SIRIUS XM common stock and exchangeable shares. All of the obligations of SIRIUS XM Radio under the Arrangement Agreement are guaranteed by SIRIUS XM.

Following the Transaction, SIRIUS XM Radio is expected to hold a 70% economic interest and 33% voting interest in SIRIUS XM Canada, with the remainder of the voting power and economic interest held by Slaight Communications and Obelysk Media, two of SIRIUS XM Canada’s current Canadian shareholders. SIRIUS XM Radio expects to contribute to SIRIUS XM Canada approximately U.S. $275 million in connection with the Transaction (assuming that all shareholders elect to receive cash in connection with the Transaction), which amount is expected to be used to pay the cash consideration to SIRIUS XM Canada’s shareholders and will be decreased proportionately if shareholders elect to receive consideration in shares of SIRIUS XM common stock or securities exchangeable for SIRIUS XM common stock.

The Transaction has been approved by the shareholders of SIRIUS XM Canada and the required court approval. The Transaction remains subject to receipt of Canadian Radio-Television and Telecommunications Commission approval. Pending receipt of all necessary approvals, the Transaction is expected to close in the fourth quarter of 2016.

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

	Outstanding Principal September 30, 2016	Carrying value September 30, 2016	Carrying value December 31, 2015
	amounts in millions		
Liberty SiriusXM Group			
Corporate level notes and loans:			
Margin loans	$ 250	250	250
Subsidiary notes and loans:			
SIRIUS XM 5.875% Senior Notes due 2020	650	646	645
SIRIUS XM 5.75% Senior Notes due 2021	600	596	596
SIRIUS XM 5.25% Senior Secured Notes due 2022	400	405	406
SIRIUS XM 4.25% Senior Notes due 2020	500	497	496
SIRIUS XM 4.625% Senior Notes due 2023	500	496	496
SIRIUS XM 6% Senior Notes due 2024	1,500	1,486	1,485
SIRIUS XM 5.375% Senior Notes due 2025	1,000	990	989
SIRIUS XM 5.375% Senior Notes due 2026	1,000	989	—
SIRIUS XM Credit Facility	—	—	340
SIRIUS XM leases	14	14	13
Less deferred financing costs	(7)	(7)	(7)
Total Liberty SiriusXM Group	6,407	6,362	5,709
Liberty Braves Group			
Subsidiary notes and loans:			
Notes and loans	220	220	147
Less deferred financing costs	(9)	(9)	(8)
Total Liberty Braves Group	211	211	139
Liberty Media Group			
Corporate level notes and loans:			
Liberty 1.375% Cash Convertible Notes due 2023	1,000	1,048	995
2.25% Exchangeable Senior Debentures due 2046	445	462	—
Notes and loans	36	36	38
Total Liberty Media Group	1,481	1,546	1,033
Total debt	$ 8,099	8,119	6,881
Less debt classified as current		(609)	(255)
Total long-term debt		7,510	6,626

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) with the undrawn portion carrying a fee of 0.75%. Borrowings outstanding under this margin loan bore interest at a rate of 2.27% per annum at September 30, 2016. Other terms of the agreement were substantially similar to the previous arrangement. As of September 30, 2016, availability under the revolving line of credit was $1 billion.

During October 2016, Liberty refinanced this margin loan arrangement for a similar financial instrument with a term loan of $250 million and a $500 million undrawn line of credit, which is scheduled to mature during October 2018. Shares of SIRIUS XM common stock are pledged as collateral pursuant to this agreement. Shares of Live Nation common stock are no longer pledged as collateral pursuant to this agreement. The new term loan and any drawn portion of the revolver carries an interest rate of LIBOR plus 1.75% with the undrawn portion carrying a fee of 0.75%. Other terms of the agreement were substantially similar to the previous arrangement.

As of September 30, 2016, the values of shares pledged as collateral pursuant to the original $1.25 billion margin loan due 2016 are as follows:

Investment	Number of Shares Pledged as Collateral as of September 30, 2016	Share value as of September 30, 2016
	amounts in millions	
Liberty SiriusXM Group		
SIRIUS XM	145.4	$ 606
Liberty Media Group		
Live Nation	4.2	$ 116

As discussed in note 4, shares of Live Nation, which were pledged as collateral pursuant to the margin loan agreement, are held by the Liberty Media Group. Following the Recapitalization, the Company's Board of Directors approved an amount payable by the Liberty SiriusXM Group to the Liberty Media Group in order to reflect the credit support provided by the assets of the Liberty Media Group used as collateral for the margin loan obligation attributed to the Liberty SiriusXM Group. The amount payable is determined and paid quarterly in arrears, based on the average share price of Live Nation common stock each period. This inter-group arrangement is recorded through the Intergroup payable (receivable) line item in the condensed consolidated attributed balance sheets and through the Interest expense line item in the condensed consolidated statements of operations and eliminated in consolidation. The total amount payable is expected to be less than $1 million each annual period. This inter-group arrangement was extinguished during October 2016 in connection with the margin loan refinancing since shares of Live Nation are no longer pledged as collateral pursuant to the new margin loan arrangement.

Braves Holdings Notes

In 2014, Braves Holdings, through a wholly-owned subsidiary, purchased 82 acres of land for the purpose of constructing a Major League Baseball facility and development of a mixed-use complex adjacent to the ballpark. The new facility is expected to cost approximately $672 million and Braves Holdings expects to spend approximately $50 million in other costs and equipment related to the new ballpark. Funding for the ballpark will be split between Braves Holdings, Cobb County and Cobb-Marietta Coliseum and Exhibit Hall Authority. Cobb-Marietta Coliseum and Exhibit Hall Authority and Cobb County (collectively the "Authority") will be responsible for funding $392 million of ballpark related construction and Braves Holdings will be responsible for remainder of cost, including cost overruns. Cobb-Marietta Coliseum and Exhibit Hall Authority issued $368 million in bonds during September 2015. Braves Holdings received $103 million of the bond proceeds during September 2015 as reimbursement for project costs paid for by Braves Holdings prior to the funding of the bonds. Funding for ballpark initiatives by Braves Holdings has come from cash reserves and utilization of two credit facilities. Additionally, during September 2015, Braves Holdings entered into a $345 million term loan (the “Braves Term Loan”). The Braves Term Loan initially bore interest at LIBOR plus an applicable spread between 1.50% and 1.75% (based on the debt service coverage ratio) per annum and an unused commitment fee of 0.35% per annum based on the average daily unused portion of the Braves Term Loan, payable quarterly in arrears. In connection with entering into the Braves Senior Secured Note during August 2016 (discussed below), Braves Holdings partially repaid and reduced the capacity on the Braves Term loan from $345 million to $130 million and amended the interest rate on the Braves Term Loan to LIBOR plus 1.75%. The interest rate on the Braves Term Loan was 2.27% as of September 30, 2016. The Braves Term Loan is scheduled to mature during August 2021. In connection with entering into the Braves Term Loan, Braves Holdings partially repaid and reduced the capacity on one of the credit facilities from $250 million to $85 million for a total capacity under the credit facilities of $185 million. As of September 30, 2016, the weighted average interest rate on the credit facilities was 2.05%. As of September 30, 2016, Braves Holdings has borrowed approximately $186 million under the Braves Term Loan and two facilities.

During August 2016, a subsidiary of Braves Holdings entered into a $200 million senior secured note which was funded during October 2016 (the “Braves Senior Secured Note”). The Braves Senior Secured Note bears interest at 3.77% per annum, payable semi-annually in arrears. The Braves Senor Secured Note is scheduled to mature during August 2041. A portion of the proceeds from the Braves Senior Secured Note were used to partially repay the Braves Term Loan, and the remaining funds will be used to finance the stadium construction.

Due to Braves Holdings providing the initial funding of the project and its ownership of the land during the initial construction period, until the initial reimbursement by the Authority during September 2015 at which time the land was conveyed to the Authority, Braves Holdings has been deemed the owner (for accounting purposes) of the stadium during the construction period and costs have been classified as construction in progress (“CIP”), within the Property and equipment, net line item. Future costs of the project will continue to be captured in CIP along with a corresponding liability in other liabilities, for amounts funded by the Authority. At the end of construction an additional determination will be made to determine whether the transaction will qualify for sale-leaseback accounting treatment.

In addition, Braves Holdings through affiliated entities and outside development partners are in the process of developing land around the ballpark for a mixed-use complex that is expected to feature retail, residential, office, hotel and entertainment opportunities. The estimated cost for mixed-use development is $558 million, of which Braves Holdings affiliated entities are expected to fund approximately $490 million, which Braves Holdings intends to fund with a mix of approximately $200 million in equity and $290 million in new debt. In December 2015, certain subsidiaries of Braves Holdings entered into three separate credit facilities totaling $207 million to fund a portion of the mixed use development costs. The maturity dates of the facilities range between December 2018 and December 2019, and all of the facilities contain two year extension options. Interest rates on the credit facilities bear interest at LIBOR plus an applicable spread between 2.0% and 2.6%, with certain step-downs upon lease of the mixed use facilities at the completion of construction. As of September 30, 2016, $34 million was drawn on these facilities with a weighted average interest rate of 2.60%.

As discussed in note 3 above, 464 thousand Time Warner shares were pledged as collateral to the mixed use facilities. The fair value of the shares pledged as of September 30, 2016 was $37 million. Shares of Time Warner are held by the Liberty Media Group. Following the Recapitalization, the Company’s Board of Directors approved an amount payable by the Liberty Braves Group to pay the Liberty Media Group in order to reflect the credit support provided by the assets of the Liberty Media Group used as collateral for the credit facility obligations of the Liberty Braves Group. The amount of this obligation is determined and paid quarterly in arrears, based on the average share price of Time Warner common stock each period. This inter-group arrangement is recorded through the Intergroup payable (receivable) line item in the condensed consolidated attributed balance sheets and through the Interest expense line item in the condensed consolidated statements 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 and the strike price was adjusted to $47.43 per share of Series A Liberty common stock, which corresponds to the adjusted conversion price of the Convertible Notes. In connection with the Recapitalization and the entry into the supplemental indenture on April 15, 2016, Liberty entered into amendments to the Bond Hedge Transaction with each of the counterparties to reflect the adjustments resulting from the Recapitalization. As of the effective date of the Recapitalization, the Bond Hedge Transaction covered, in the aggregate, 5,271,475 shares of Series A Liberty Media common stock, 21,085,900 shares of Series A Liberty SiriusXM common stock and 2,108,590 shares of Series A Liberty Braves common stock, subject to anti-dilution adjustments pertaining to the Convertible Notes, which was equal to the aggregate number of shares comprising the Securities Basket underlying the Convertible Notes at that time. The aggregate number of shares of Series A Liberty Braves common stock relating to the Bond Hedge Transaction was increased to 2,292,037, pursuant to anti-dilution adjustments arising out of the rights distribution (note 2). The expiration of these instruments is October 15, 2023. The fair value of these instruments is included in Other assets, at cost, net of accumulated amortization as of September 30, 2016 and December 31, 2015 in the accompanying condensed consolidated balance sheets, with changes in the fair value recorded as unrealized gains (losses) on financial instruments in the accompanying condensed consolidated statements of operations.

Concurrently with the Convertible Notes and Bond Hedge Transaction, Liberty also entered into separate privately negotiated warrant transactions under which Liberty sold warrants relating to the same number of shares of common stock as underlie the Bond Hedge Transaction, subject to anti-dilution adjustments (“Warrant Transactions”). The first expiration date of the warrants is January 16, 2024 and expire over a period covering 81 days thereafter. Liberty may elect to settle its delivery obligation under the Warrant Transactions with cash. As of December 31, 2015, there were 21,085,900 warrants outstanding was with a strike price of $64.46 per share. In connection with the Recapitalization, Liberty entered into amendments to the warrant transactions with each of the option counterparties to reflect the adjustments to the Warrant Transactions resulting from the Recapitalization (“Amended Warrant Transactions”). As of the effective date of the Recapitalization, the Amended Warrant Transactions covered, in the aggregate, 5,271,475 shares of Series A Liberty Media common stock, 21,085,900 shares of Series A Liberty SiriusXM common stock and 2,108,590 shares of Series A Liberty Braves common stock, subject to anti-dilution adjustments. The aggregate number of shares of Series A Liberty Braves common stock relating to the Amended Warrant Transactions was increased to 2,292,037, pursuant to anti-dilution adjustments arising out of the rights distribution. The strike price of the warrants was adjusted, as a result of the Recapitalization, to $61.16 per share. The Amended Warrant Transactions may have a dilutive effect with respect to the shares comprising the Securities Basket underlying the warrants to the extent that the settlement price exceeds the strike price of the warrants, and the warrants are settled in shares comprising such Securities Basket. The warrants were recorded in equity at the Liberty Media Group.

2.25% Exchangeable Senior Debentures due 2046

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

The debentures, as well as the associated cash proceeds, were attributed to the Liberty Media Group. Liberty used the net proceeds of the offering for the acquisition of an investment in Formula 1 during September 2016, as further described in note 3. Liberty has elected to account for the debentures using the fair value option. Accordingly, changes in the fair value of these instruments are recognized as unrealized gains (losses) in the condensed consolidated statements of operations.

The debentures have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws and, unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The debentures were offered by means of an offering memorandum solely to "Qualified Institutional Buyers" pursuant to, and as that term is defined in, Rule 144A of the Securities Act.

On October 22, 2016, AT&T Inc. ("AT&T") and Time Warner announced that they have entered into a definitive agreement under which AT&T will acquire Time Warner in a stock-and-cash transaction. The transaction is expected to close before year-end 2017, subject to approval by Time Warner shareholders and review by the U.S. Department of Justice, as well as potential review by the FCC. If the acquisition is consummated, in accordance with the terms of the indenture governing the 2.25% Exchangeable Senior Debentures due 2046, the cash portion of the acquisition consideration will be paid as an extraordinary additional distribution to holders of debentures and the stock portion of the acquisition consideration will become reference shares attributable to the debentures. Additionally, if the acquisition is consummated, any amount of excess regular quarterly cash dividends paid on the AT&T reference shares will be distributed by the Company to holders of the debentures as an additional distribution.

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

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

(7) Except for the Intergroup Note between the Liberty Braves Group and the Liberty Media Group as discussed in note 1 and the intergroup arrangements regarding the securities held by the Liberty Media Group pledged as collateral pursuant to loans at the Liberty SiriusXM Group and the Liberty Braves Group as discussed in note 4, the intergroup balance at September 30, 2016 and December 31, 2015 is primarily a result of timing of tax benefits.

Per the tracking stock tax sharing policies, consolidated income taxes arising from the Liberty SiriusXM Group in periods prior to the Recapitalization were not subject to tax sharing and were allocated to the Liberty Media Group. As such, the balance of the Intergroup tax payable between the Liberty SiriusXM Group and the Liberty Media group was zero at the effective date of the Recapitalization and is accounted for on a go forward basis beginning on such date.

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

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