

equity as of the announcement based on the transaction reference price of \$21.26 and a \$351 million debt security issued by F1's parent holdco and exchangeable into Liberty Media K's, LMCK, Liberty Media non-voting shares, this is an equity-like instrument that will convert out within 30 months.

The existing \$3.6 billion of Formula One debt will remain in place and is non-recourse to Liberty and all of the cash at Formula One will also be attributed to the Formula One Group. The first closing, which occurred today, of this two-step transaction, in it, Liberty acquired an 18.7% interest in Formula One or \$746 million in cash, which represents 18.7% of the total consideration to be paid less a \$75 million discount to us, Liberty, which will be repaid at the second closing.

At the second closing, we expect to gain 100% of the shares other than a nominal amount of shares held by certain F1 teams and we'll pay out the rest of the consideration including the balance of the cash, the shares that we discussed above and the \$351 million debt security. We expect the second closing to occur in the first quarter of 2017 and, to complete the second closing, we will require antitrust approval in select countries, a vote of the Liberty Media Corporation shareholders and certain third-party consents including notably the approval of the FIA, Formula One's regulatory governing body.

So with that, let me turn to slide seven and talk a little bit about Chase Carey. But first, it would be impossible i tac

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James M. Ratcliffe

Morning or evening, thanks for taking my question. Two, if I could. First of all, Chase, if you can give us an idea of what the timeline looks like for the future of major potential programming deals? You mentioned Sky was in March, but what the other major deals are and what the timeline for potentially leveraging that benefit is? And also seems like a big portion of some of the revenue growth has been driven by moving races to markets that are willing to pay more for them; how much opportunities you see on that front?

And I guess, secondly, if I'm reading the numbers right, it looks like F1 in aggregate pays minimal cash taxes, is that a scenario you'd expect to continue going forward? Thanks.

Gregory B. Maffei

So, Chase, why don't you take the first and then I'm going to...

Chase Carey

All right.

Gregory B. Maffei

...ask Albert to take the second.

Chase Carey

Yeah. I think in terms of timeline, the broadcast contracts are multi-year contracts, so obviously they don't come up year-to-year. And there are some coming up generally every year. It's not a straight line. But I think on average there's — I think we put in three years to six years, is sort of the average of a contract, that was with the contracts around the world. So they're a large number. So generally you have a meaningful number of contracts in any given year, but certainly not the majority, they are spread out across that timeframe.

In terms of developing markets, clearly new markets are opportunities. This is a global sport. We're excited about the opportunity to continue to grow the sport, expand the sport in places like the Americas and Asia. I think those are our opportunities. But I want to be clear that certainly the established markets that have been the home and the foundation for Formula One I guess, Europe in particular, are of critical importance, and certainly building the sport in Europe and building on that foundation has got to be second to none.

So we do want to continue to take advantage of the global footprint of this sport and think there are those growth opportunities, but certainly do want to focus on it. Certainly, the markets longer-term, markets like the U.S. and key Asian markets are an opportunity for us to develop. They won't develop overnight, but there are huge audiences there that I think actually have a real appetite for the excitement, the stars, the teams, the brands, the technology. And I think if we can develop and reach those fans using digital platforms and some of the tools that, to date, probably really haven't been exploited as aggressively. We can build a whole new generation of fans in places that have not historically been a significant part of the Formula One fan base.

Gregory B. Maffei

Great, Chase. Let me also ask Albert Rosenthaler who runs Corporate Development for Liberty and has tax reporting to chat about the — how we look at the tax status?

Albert E. Rosenthaler, Chief Tax Officer, Liberty Media Corp.

From a tax standpoint, F1 has done a wonderful job in terms of creating a structure that is extremely tax efficient. We will be stepping into that structure. There are some changes on the horizon, broader changes from the UK perspective that will have a modest increase in the amount of taxes going forward once those become law. But we think the structure is going to remain extremely efficient. We also have managed to — step — do the transaction in a way that will permit an efficient repatriation of money back to the U.S. without incremental tax for many, many years.

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Yeah. I think Chase is entirely right. Our interests are highly aligned with the teams and there's every indication and reason to believe they're only going to be highly supportive of all the things we want to do. As far as the dilution, we are going to pay \$1.1 billion of cash and we're going to issue that, what is effectively on a fully-diluted basis, is going to be \$3.3 billion of stock, with the combination of the note when it converts and the shares that we're issuing today.

Now, we are going to undertake potentially to sell some of that stock to generate liquidity for the CVC Group, but we're not going to change the amount of cash that we pay, we're not going to — that's only a question whether the stock gets placed with CVC initially or gets placed with third parties, including potentially the teams as Chase indicated.

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Jeffrey Wlodarczak

Hey, guys congratulations. As a part of this deal, do you have any arrangement with the leading racing teams to expand the number of races from the current 21 to what I think is contractual limit of 25?

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potential of telling the Formula One story, again, it's a great story. You've got some of the most attractive stars in the world, then the drivers, great team



Bryan Kraft

Hi. Thanks for taking the question. I was just wondering if you could give some historical perspective on why there — it doesn't look like there was very much growth in revenue or EBITDA since 2013? In contrast, what sounds like some pretty interesting growth prospects going forward? And I guess this could be part of the answer to the question, but are the historical figures on slide 19 converted to U.S. dollars at a constant exchange rate? Or is that the actual exchange rate? Thank you.

Gregory B. Maffei

That's the actual exchange rate looking at the numbers there. And I think some perspective is as revenues have increased pretty nicely, partly driven by some increase in the number of races, but also increases in broadcast

revenues, increases in advertising and sponsorship, increases in fees paid per venue per event. But at the same time, due not only to some of the renegotiation of the Concorde Agreement and some bonus payments that were made to certain teams, less of that profitability fell to the bottomline, less of that increase in the revenue fell to the bottomline.

Bryan Kraft

Got it. Okay. Thank you.

Gregory B. Maffei

But we think that's absorbed. We've gone through that cycle and we remain confident that . . . through 2020 and the next Concorde negotiation, we don't have an unusual bump and there will be a much more linear relationship on the increases between revenue and the cost side and actually an increasing and growing EBITDA margin.

Chase Carey

We'll get a better share of the revenue growth.

Gregory B. Maffei

Yeah. Exactly.

Bryan Kraft

Great. Actually, and, I don't know if it's too early to ask this question, but how would you anticipate handling the currency risk, once you own it? Do you anticipate doing, engaging in hedging — hedge that currency risk or...

Gregory B. Maffei

We haven't spent a lot of time on that Bryan . . . but I'll point out couple of things. The vast majority of our contracts are dollar based. Obviously, we're going to be a dollar-functional currency company. We do have some UK revenue, pounds-based revenue, but we also have pounds-based expense, not only the expense of running the headquarters here, the expense of the production facilities which are primarily in the UK. So we're really not that exposed, we do have some exposure if it moves around, but it's a relatively hedged business against the dollar.

Chase Carey

Yeah.

Gregory B. Maffei

Chase, do you want to add anything?

Chase Carey

No, I think that's right, I mean, I think, yeah, it's been — an awful lot of the revenues are contractual revenues, most of the contracts, majority of the contracts are contracted in dollars.

. . .

Jason Bazinet

Yeah, I just have two quick questions. First, can you talk about what financial disclosures the Street will get today sort of post step one, and then after step two. And then second, I may be incorrect, but I thought there were some mutual funds like Waddell that essentially paid much higher sort of equity values for stakes than the equity value you're paying. So can you talk a little bit about what changed in the business that would cause the equity value to decline as much as it seems to have been with a low purchase price you guys are paying? Thanks.

Gregory B. Maffei

Addressing the second part first, it's a little misleading; there were some dividends paid. There have been — look, we obviously think we cut an attractive deal or we wouldn't have cut it.

Jason Bazinet

Yeah.

Gregory B. Maffei

of its common stock. Liberty stockholders and other investors are urged to read the proxy statement to be filed with the SEC because it will contain important information relating to the proposed acquisition. Copies of Liberty's SEC filings are available free of charge at the SEC's website (<http://www.sec.gov>). Copies of the filings together with the materials incorporated by reference therein will also be available, without charge, by directing a request to Investor Relations, (720) 875-5420.

Participants in a Solicitation

The directors and executive officers of Liberty and other persons may be deemed to be participants in the solicitation of proxies in respect of any proposals relating to the proposed acquisition. Information regarding the directors and executive officers of Liberty and other participants in the proxy solicitation is set forth in the proxy statement filed with the SEC in respect of the proposed acquisition.
