

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 24pt; font-weight: bold;">2017</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>			
A	This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)	
	☒ a single-employer plan	☐ a DFE (specify) ____	
B	This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)	
C	If the plan is a collectively-bargained plan, check here. ▶ ☐		
D	Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program	
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a	Name of plan <u>KANSAS CITY ROYALS BASEBALL CORPORATION 401(K) PLAN</u>	1b	Three-digit plan number (PN) ▶ <u>001</u>
		1c	Effective date of plan <u>06/01/2001</u>
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>KANSAS CITY ROYALS BASEBALL CORPORATION</u> <u>1 ROYAL WAY</u> <u>KANSAS CITY, MO 64129-1695</u>	2b	Employer Identification Number (EIN) <u>43-0902508</u>
		2c	Plan Sponsor's telephone number <u>816-504-4350</u>
		2d	Business code (see instructions) <u>711210</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	08/07/2018	DAVID LAVERENTZ
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	08/07/2018	DAVID LAVERENTZ
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2017)
v. 170203

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 451
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).	
a(1) Total number of active participants at the beginning of the plan year	6a(1) 419
a(2) Total number of active participants at the end of the plan year	6a(2) 448
b Retired or separated participants receiving benefits	6b 0
c Other retired or separated participants entitled to future benefits	6c 27
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 475
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 0
f Total. Add lines 6d and 6e	6f 475
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g 288
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6h 2
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2T 3D	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
- (2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)** ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
- (2)** ☐ **I** (Financial Information – Small Plan)
- (3)** ☒ 1 **A** (Insurance Information)
- (4)** ☒ **C** (Service Provider Information)
- (5)** ☒ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2017 Form M-1 annual report. If the plan was not required to file the 2017 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017	
A Name of plan KANSAS CITY ROYALS BASEBALL CORPORATION 401(K) PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 KANSAS CITY ROYALS BASEBALL CORPORATION	D Employer Identification Number (EIN) 43-0902508

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier PRINCIPAL LIFE INSURANCE COMPANY
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(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	446377	475	01/01/2017	12/31/2017

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid 0	(b) Total amount of fees paid 9799
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3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).
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(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid LOCKTON FINANCIAL ADVISORS LLC 444 W 47TH ST STE 900 KANSAS CITY, MO 64112-1906
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(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
0	9799	PRORATED INCENTIVE, NOT DEDUCTED FROM PLAN	3

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	0
5 Current value of plan's interest under this contract in separate accounts at year end	5	14200458

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☐ other ▶

b Balance at the end of the previous year	7b	
c Additions: (1) Contributions deposited during the year	7c(1)	
(2) Dividends and credits	7c(2)	
(3) Interest credited during the year	7c(3)	
(4) Transferred from separate account	7c(4)	
(5) Other (specify below)	7c(5)	
▶		
(6) Total additions	7c(6)	
d Total of balance and additions (add lines 7b and 7c(6))	7d	
e Deductions:		
(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	
(2) Administration charge made by carrier	7e(2)	
(3) Transferred to separate account	7e(3)	
(4) Other (specify below)	7e(4)	
▶		
(5) Total deductions	7e(5)	
f Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	0

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3))		9a(4)	
b Benefit charges (1) Claims paid	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2))		9b(3)	
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.	10b	

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2017
		This Form is Open to Public Inspection.

For calendar plan year 2017 or fiscal plan year beginning **01/01/2017** and ending **12/31/2017**

A Name of plan KANSAS CITY ROYALS BASEBALL CORPORATION 401(K) PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 KANSAS CITY ROYALS BASEBALL CORPORATION	D Employer Identification Number (EIN) 43-0902508	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PRINCIPAL LIFE INSURANCE COMPANY
42-0127290

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

LOCKTON FINANCIAL ADVISORS LLC

20-3247391

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
49 55	OTHER SERVICES	0	Yes ☒ No ☐	Yes ☐ No ☒	7576	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 50 64	CONTRACT ADMINISTRATOR	91450	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

LOCKTON INVESTMENT ADVISORS

20-8874282

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27 99	INVESTMENT ADVISORY	0	Yes ☒ No ☐	Yes ☐ No ☒	31118	Yes ☐ No ☒

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
LOCKTON FINANCIAL ADVISORS LLC	49 55	7576
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
PRINCIPAL LIFE INSURANCE COMPANY 42-0127290	PRORATED INCENTIVE, NOT DEDUCTED FROM PLAN	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
LOCKTON INVESTMENT ADVISORS	27 99	31118
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
PRINCIPAL LIFE INSURANCE COMPANY 42-0127290	INVESTMENT ADVISORY (PLAN)	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2017</div> This Form is Open to Public Inspection.
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

A Name of plan <u>KANSAS CITY ROYALS BASEBALL CORPORATION 401(K) PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>KANSAS CITY ROYALS BASEBALL CORPORATION</u>	D Employer Identification Number (EIN) <u>43-0902508</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN LIQUID ASSETS SEP ACCT-Z</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-024</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>660869</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN DIVERSIFIED INTL SA-Z</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-015</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1801578</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN LGCP S&P 500 INDEX SA-Z</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-016</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>308924</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN SMCAP S&P 600 INDEX SA-Z</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-028</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>229087</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN MIDCAP S&P 400 IDX SA-Z</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-023</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>444656</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN LIFETM 2010 SEP ACCT-Z</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-075</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>262622</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN LIFETIME 2020 SEP ACCT-Z</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-076</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1642354</u>		

a Name of MTIA, CCT, PSA, or 103-12 IE: PRINL LIFETIME 2030 SEP ACCT-Z		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-077	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1388688
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2040 SEP ACCT-Z		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-078	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1630910
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2050 SEP ACCT-Z		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-079	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2603976
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME STRAT INC SA-Z		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-080	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 38278
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN PREF SECS SEP ACCT-Z		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-087	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2508719
a Name of MTIA, CCT, PSA, or 103-12 IE: MORLEY STABLE VALUE FUND		
b Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO		
c EIN-PN 93-6274329-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 762
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL DIV REAL ASSET SA-Z		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-123	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 20523
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN SHORT-TERM INCOME SA-Z		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-124	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 488193
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2060 SEP ACCT-Z		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-130	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 171080
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>		
A Name of plan <u>KANSAS CITY ROYALS BASEBALL CORPORATION 401(K) PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>KANSAS CITY ROYALS BASEBALL CORPORATION</u>	D Employer Identification Number (EIN) <u>43-0902508</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1	Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	2818	0
	(2) Participant contributions	1b(2)	582	0
	(3) Other.....	1b(3)	0	0
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
	(2) U.S. Government securities.....	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other.....	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)		
	(9) Value of interest in common/collective trusts.....	1c(9)	0	762
	(10) Value of interest in pooled separate accounts.....	1c(10)	10887403	14200458
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	8418022	10658822
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	19308825	24860042

Liabilities

g Benefit claims payable	1g	0	276121
h Operating payables	1h	0	
i Acquisition indebtedness	1i	0	
j Other liabilities	1j	0	
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	276121

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	19308825	24583921
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	576659	
(B) Participants	2a(1)(B)	1467874	
(C) Others (including rollovers)	2a(1)(C)	27949	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		2072482
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends:			
(A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	105547	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		105547
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets:			
(A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets:			
(A) Real estate	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		4
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		1965996
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		2020210
c Other income	2c		185
d Total income. Add all income amounts in column (b) and enter total.....	2d		6164424

Expenses**e** Benefit payment and payments to provide benefits:

(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	788312	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		788312
f Corrective distributions (see instructions)	2f		9565
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	91451	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		91451
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		889328

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		5275096
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: KPMG LLP

(2) EIN: 13-5565207

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	0
4b		X	0

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	0
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	0
e Was this plan covered by a fidelity bond?	X		3000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____. (See instructions.)

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2017</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017		
A Name of plan KANSAS CITY ROYALS BASEBALL CORPORATION 401(K) PLAN		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 KANSAS CITY ROYALS BASEBALL CORPORATION		D Employer Identification Number (EIN) 43-0902508
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 42-0127290		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year		3
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month Day Year If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2017 v. 170203		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%
- b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more
- c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



**KANSAS CITY ROYALS BASEBALL
CORPORATION 401(k) PLAN**

Financial Statements and Schedule

December 31, 2017 and 2016

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 1100
1000 Walnut Street
Kansas City, MO 64106-2162

Independent Auditors' Report

The Board of Directors
The Kansas City Royals Baseball Corporation 401(k) Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Kansas City Royals Baseball Corporation 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2017 and 2016, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for our opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to information summarized in note 4, which was certified by Principal Life Insurance Company and Principal Trust Company, the custodians of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the custodians hold the Plan's investment assets and execute investment transactions. The plan administrator has obtained a certification from the custodians as of December 31, 2017 and 2016, and for the years then ended, that the information provided to the plan administrator by the custodians is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.



Other Matter

The supplemental Schedule H, Line 4i – schedule of assets (held at end of year) as of December 31, 2017 is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance with Department of Labor's Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KPMG LLP

Kansas City, Missouri
July 31, 2018

**KANSAS CITY ROYALS BASEBALL
CORPORATION 401(k) PLAN**

Statements of Net Assets Available for Benefits

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets:		
Investments, at fair value:		
Pooled separate accounts:		
Balanced/asset allocation	\$ 7,758,431	5,584,205
Fixed income	2,508,719	2,268,415
International equity	1,801,577	1,314,103
Short-term fixed income	1,149,062	961,957
Small/mid U.S. equity	673,743	562,669
Large U.S. equity	308,924	196,054
Mutual funds:		
International equity	214,196	138,172
Small/mid U.S. equity	4,760,905	3,876,967
Large U.S. equity	5,683,721	4,402,883
Common collective trust	764	—
Investments, at fair value	<u>24,860,042</u>	<u>19,305,425</u>
Receivables:		
Kansas City Royals contributions	—	2,818
Participant contributions	—	582
Total receivables	<u>—</u>	<u>3,400</u>
Net assets available for benefits	<u>\$ 24,860,042</u>	<u>19,308,825</u>

See accompanying notes to financial statements.

**KANSAS CITY ROYALS BASEBALL
CORPORATION 401(k) PLAN**

Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Additions to net assets attributed to:		
Contributions:		
Participants	\$ 1,467,874	1,354,467
Participant rollovers	27,949	150,365
Company	<u>576,659</u>	<u>489,870</u>
Total contributions	2,072,482	1,994,702
Investment income:		
Dividends	105,547	91,996
Net appreciation in fair value of investments	<u>3,986,395</u>	<u>1,311,842</u>
Total additions	<u>6,164,424</u>	<u>3,398,540</u>
Deductions from net assets attributed to:		
Benefits paid to participants	521,756	481,132
Administrative expenses	<u>91,451</u>	<u>80,879</u>
Total deductions	<u>613,207</u>	<u>562,011</u>
Net increase in net assets available for benefits	5,551,217	2,836,529
Net assets available for benefits:		
Beginning of year	<u>19,308,825</u>	<u>16,472,296</u>
End of year	<u>\$ 24,860,042</u>	<u>19,308,825</u>

See accompanying notes to financial statements.

**KANSAS CITY ROYALS BASEBALL
CORPORATION 401(k) PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

(1) Description of the Plan

The following description of the Kansas City Royals Baseball Corporation 401(k) Plan (the Plan) is provided for general information purposes only. Reference should be made to the Plan Agreement for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution plan that was adopted by the Kansas City Royals Baseball Corporation (the Company or Plan Administrator) effective June 1, 2001. The Plan is administered by the Company.

(b) Eligibility

Employees of the Company are eligible for participation in the Plan after completing one year of continuous service, attaining the age of 21, and completing 1,000 hours of service in the Plan year. Employees that are nonresident aliens or part of a collective bargaining agreement are not eligible for participation in the Plan.

(c) Contributions

Through February 28, 2016, the Plan established a qualified cash or deferred compensation arrangement permitting eligible employees to authorize the Company to make tax-deferred salary reduction contributions on their behalf up to 50% of their annual earnings, subject to certain limitations under the Internal Revenue Code. The Company made a matching contribution of 50% of each participant's contributions, up to a maximum of 6% of each participant's annual compensation.

Effective March 1, 2016, the Plan was amended to allow those participants who are active in the Company's Defined Benefit plan a choice of either continuing to accrue benefits in the Defined Benefit Plan or receive a new automatic Company contribution equal to 6% of eligible compensation and be eligible for a matching contribution of 3% of compensation (50% of the first 6%). Employees that choose to continue to accrue benefits in the Defined Benefit Plan will no longer receive a matching Company contribution or be eligible for the new automatic contribution to the Plan. Employees hired after December 31, 2016 will not be eligible to participate in the Company's Defined Benefit Plan and will only be eligible to participate in the Plan and receive the automatic Company contribution of 6% of compensation and a Company matching contribution of 3% of compensation (50% of the first 6%) once eligibility requirements have been met.

Contributions made by the Company and participating employees are not required to be included in the employees' taxable income until the year of withdrawal from the Plan.

(d) Participant Accounts

Each participant's account is credited with the participant's contribution and an allocation of plan earnings and losses. Earnings and losses on plan assets are allocated based on the ratio of the participant's account balance to the total of all participants' account balances. The benefit to which a participant is entitled is the benefit that can be provided by the participant's vested account.

**KANSAS CITY ROYALS BASEBALL
CORPORATION 401(k) PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

(e) Vesting

Upon retirement or termination of employment, Plan participants are entitled to receive the full value of their contributions and earnings thereon. Vesting in Company contributions occurs as follows:

Years of service	Percentage vested
1	20%
2	40
3	60
4	80
5	100

Each participant is 100% vested upon disability, death, or attainment of age 65 while employed by the Company.

(f) Trustee

The Trustee of the Plan is the Kansas City Royals Baseball Corporation (the Trustee) and is responsible for oversight of the Plan.

(g) Investments

The Plan's investments are held by Principal Life Insurance Company and Principal Trust Company (Principal) in 7 nonproprietary mutual funds, 15 pooled separate investment accounts and 1 common collective trust maintained by Principal. Participants of the Plan may elect any of the following investment options:

- Janus Henderson Enterprise N Fund
- American Century Mid Cap Value R6 Fund
- Columbia Dividend Opportunity Y Fund
- Prudential Jennison Small Company Q Fund
- Oppenheimer Developing Markets Institutional Fund
- Vanguard Primecap Admiral Fund
- Wells Fargo Discovery R6 Institutional Fund
- Morley Stable Value Fund
- Principal Diversified International Separate Account
- Principal Liquid Assets Separate Account
- Principal LifeTime Strategic Income Separate Account
- Principal LifeTime 2010 Separate Account

**KANSAS CITY ROYALS BASEBALL
CORPORATION 401(k) PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

- Principal LifeTime 2020 Separate Account
- Principal LifeTime 2030 Separate Account
- Principal LifeTime 2040 Separate Account
- Principal LifeTime 2050 Separate Account
- Principal LifeTime 2060 Separate Account
- Principal Small Cap S&P 600 Index Separate Account
- Principal Mid Cap S&P 400 Index Separate Account
- Principal Large Cap S&P 500 Index Separate Account
- Principal Short-Term Income Separate Account
- Principal Diversified Real Asset Separate Account
- Principal Preferred Securities Separate Account

A participant's account may be invested 100% in any fund or may be allocated among the funds. Participants may elect to change their investment allocations at any time and may elect to transfer funds between accounts throughout the year. The Company's matching contributions are 100% participant directed.

(h) Distributions

Distributions of vested balances are available upon termination (subject to the approval of the Plan Administrator), retirement at or after age 65, death, or permanent and total disability. Distributions are made in a lump sum to designated beneficiaries and joint survivors.

(i) Hardship Withdrawals

A participant may at any time withdraw any portion of his or her employee account upon showing financial hardship, as permitted by the Internal Revenue Code.

(j) Forfeitures

Forfeitures represent the nonvested portion of participant account balances upon termination. Forfeited amounts may first be applied against the administrative fees paid to Principal by the Company, with any remaining forfeitures used to reduce future Company contributions. Forfeitures totaled \$2,807 and \$8,469 in 2017 and 2016, respectively. During 2017 and 2016, accumulated forfeitures of \$2,807 and \$8,469, respectively, were used to offset employer contributions.

(k) Plan Termination

Although they do not have any intention of doing so, the Company has the right under the Plan to terminate the Plan subject to the provisions set forth in the Employee Retirement Income Security Act of 1974 (ERISA). In the event of termination, net assets shall be distributed to participants in accordance with their account balances.

**KANSAS CITY ROYALS BASEBALL
CORPORATION 401(k) PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Benefits are recorded when paid.

(b) Investment Valuation and Income Recognition

The investments are reported at fair value, determined principally based on quoted market prices, using similar assets in an active market, or using the underlying asset's net asset value in an actively traded market. Net appreciation (depreciation) in fair value of investments includes both realized and unrealized gains and losses on securities held by the funds. Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

(c) Administration Expenses

Substantially all costs and expenses incurred in administering the Plan are paid by the Company.

(d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of net assets available for benefits at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

(3) Federal Income Taxes

The Plan has received a favorable determination letter from the Internal Revenue Service, dated August 21, 2017, indicating that it is qualified under Section 401(a) of the Internal Revenue Code and, therefore, the related trust is exempt from tax under Section 501(a) of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a liability if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Plan Administrator is not aware of any activity or transactions that may adversely affect the qualified status of the Plan.

(4) Information Certified by the Custodians

The Plan Administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the

**KANSAS CITY ROYALS BASEBALL
CORPORATION 401(k) PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

custodians of the Plan, Principal, (the Custodians), have certified to the completeness and accuracy of all investments reflected in the accompanying statements of net assets available for benefits as of December 31, 2017 and 2016, the schedule H, Line 4i – schedule of assets held for investment purposes as of December 31, 2017, note 6, and the related investment activity reflected in the statements of changes in net assets available for benefits for the years ended December 31, 2017 and 2016. As permitted under such election, the Plan Administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the investment information certified by the Custodians as complete and accurate, except for comparing such information certified by the Custodians to information included in the Plan's financial statements.

(5) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants account balances and the amounts reported in the statement of net assets available for benefits.

(6) Fair Value Measurements

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*, establishes a framework for measuring fair value, which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC Topic 820 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurements

**KANSAS CITY ROYALS BASEBALL
CORPORATION 401(k) PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Mutual Funds – The fair value of the mutual funds is based on quoted market prices from national securities exchanges.

Pooled Separate Accounts – Valued using similar assets in an active market or using the underlying asset's net asset value in an actively traded market. Because the inputs to these assets are quoted prices in an active market, the measurements are classified as Level 1.

Stable Value Collective Trust Fund: The fund invests in benefit-responsive investment contracts issued by insurance companies and other financial institutions, and is valued at the net asset value of units. The fund seeks to maintain a stable net asset value of \$1 per share. The net asset value is used as a readily determinable fair value to estimate fair value. Participant transactions (purchases and sales) may occur daily. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to require 12 months' notification in order to ensure that securities liquidations will be carried out in an orderly business manner.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**KANSAS CITY ROYALS BASEBALL
CORPORATION 401(k) PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2017:

Investments at estimated fair value				
	Investments at fair value as determined quoted prices in active markets (Level 1)	Valuation techniques based on observable market data (Level 2)	Valuation techniques incorporating information other than observable market data (Level 3)	Total
Pooled separate accounts:				
Balanced/asset allocation	\$ 7,758,431	—	—	7,758,431
Fixed income	2,508,719	—	—	2,508,719
International equity	1,801,577	—	—	1,801,577
Short-term fixed income	1,149,062	—	—	1,149,062
Small/mid U.S. equity	673,743	—	—	673,743
Large U.S. equity	308,924	—	—	308,924
Mutual funds:				
International equity	214,196	—	—	214,196
Small/mid U.S. equity	4,760,905	—	—	4,760,905
Large U.S. equity	5,683,721	—	—	5,683,721
Common collective trust	—	764	—	764
Total	\$ 24,859,278	764	—	24,860,042

**KANSAS CITY ROYALS BASEBALL
CORPORATION 401(k) PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2016:

	as determined quoted prices in active markets (Level 1)	Valuation techniques based on observable market data (Level 2)	incorporating information other than observable market data (Level 3)	Total
Pooled separate accounts:				
Balanced/asset allocation	\$ 5,584,205	—	—	5,584,205
Fixed income	2,268,415	—	—	2,268,415
International equity	1,314,103	—	—	1,314,103
Short-term fixed income	961,957	—	—	961,957
Small/mid U.S. equity	562,669	—	—	562,669
Large U.S. equity	196,054	—	—	196,054
Mutual funds:				
International equity	138,172	—	—	138,172
Small/mid U.S. equity	3,876,967	—	—	3,876,967
Large U.S. equity	4,402,883	—	—	4,402,883
Total	<u>\$ 19,305,425</u>	<u>—</u>	<u>—</u>	<u>19,305,425</u>

For the years ended December 31, 2017 and 2016, there were no significant transfers between Level 1 and Level 2 Plan assets.

There were no Level 3 Plan assets for the years ended December 31, 2017 and 2016.

(7) Related-Party Transactions

Certain Plan investments are shares of pooled separate accounts managed by Principal Life Insurance Company and Principal Trust Company, the Custodians, as defined by the Plan and, therefore, these transactions qualify as party-in-interest.

(8) Subsequent Events

The Company evaluated subsequent events through July 31, 2018, which is the date the financial statements were available to be issued.

**KANSAS CITY ROYALS BASEBALL
CORPORATION 401(k) PLAN**

Notes to Financial Statements

December 31, 2017 and 2016

(9) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2017 to Form 5500:

	<u>2017</u>
Net assets available for benefits per the financial statements	\$ 24,860,042
Amounts allocated to withdrawing participants	<u>(276,121)</u>
Net assets available for benefits per the Form 5500	<u>\$ 24,583,921</u>

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500 for the year ended December 31, 2017:

	<u>2017</u>
Benefits paid to participants per the financial statements	\$ 521,756
Add amounts allocated to withdrawing participants at December 31, 2017	276,121
Less amounts allocated to withdrawing participants at December 31, 2016	<u>—</u>
Benefits paid to participants per Form 5500	<u>\$ 797,877</u>

Schedule

**KANSAS CITY ROYALS BASEBALL
CORPORATION 401(k) PLAN**

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2017

Identity of issuer	Description of investment	Fair value
Nonproprietary mutual funds:		
Janus Henderson Enterprise N Fund	Large company value fund, 216.8323 shares with a fair value of \$118.59 per share	\$ 25,714
American Century Mid-Cap Value R6 Fund	Medium company value fund, 97364.3470 shares with a fair value of \$17.52 per share	1,705,823
Columbia Dividend Opportunity Y Fund	Large company value fund, 44302.5379 shares with a fair value of \$9.89 per share	438,152
Prudential Jennison Small Company Q Fund	Small company growth fund, 38503.4820 shares with a fair value of \$26.41 per share	1,016,877
Oppenheimer Developing Markets Institutional Fund	Developing markets fund, 4989.4167 shares with a fair value of \$42.93 per share	214,196
Vanguard Primecap Admiral Fund	Large company growth fund, 39260.3024 shares with a fair value of \$133.61 per share	5,245,569
Wells Fargo Discovery R6 Institutional Fund	Mid-cap growth fund, 57124.3500 shares with a fair value of \$35.23 per share	2,012,491
Total nonproprietary mutual funds		<u>10,658,822</u>
Pooled separate investment accounts:		
Principal Mutual Life Insurance Company *	Liquid Assets, 11911.8499 units with a fair value of \$55.48 per unit.	660,869
Principal Mutual Life Insurance Company *	LifeTime Strategic Income Fund, 1691.5932 units with a fair value of \$22.63 per unit	38,278
Principal Mutual Life Insurance Company *	LifeTime 2010 Fund, 10,325.5576 units with a fair value of \$25.43 per unit	262,622
Principal Mutual Life Insurance Company *	LifeTime 2020 Fund, 56813.8979 units with a fair value of \$28.91 per unit	1,642,354
Principal Mutual Life Insurance Company *	LifeTime 2030 Fund, 45,736.1900 units with a fair value of \$30.36 per unit	1,388,688
Principal Mutual Life Insurance Company *	LifeTime 2040 Fund, 51,329.6952 units with a fair value of \$31.77 per unit	1,630,910
Principal Mutual Life Insurance Company *	LifeTime 2050 Fund, 83,102.7642 units with a fair value of \$31.33 per unit	2,603,976
Principal Mutual Life Insurance Company *	LifeTime 2060 Fund, 10339.4005 units with a fair value of \$16.55 per unit	171,080
Principal Mutual Life Insurance Company *	Diversified International Fund, 18,170.4047 units with a fair value of \$99.15 per unit	1,801,577
Principal Mutual Life Insurance Company *	Small Cap S&P 600 Index Fund, 3623.1119 units with a fair value of \$63.23 per unit	229,087
Principal Mutual Life Insurance Company *	Mid Cap S&P 400 Index Fund, 7418.8023 units with a fair value of \$59.94 per unit	444,656
Principal Mutual Life Insurance Company *	Large Cap S&P 500 Index Fund, 2300.0448 units with a fair value of \$134.31 per unit	308,924
Principal Mutual Life Insurance Company *	Preferred Securities, 92109.3647 units with a fair value of \$27.24 per unit	2,508,719
Principal Mutual Life Insurance Company *	Diversified Real Asset Fund, 1682.2623 units with a fair value of \$12.20 per unit	20,523
Principal Mutual Life Insurance Company *	Short-Term Income Fund, 41818.5776 units with a fair value of \$11.67 per unit	488,193
Total pooled separate investment accounts		<u>14,200,456</u>
Common Collective Trusts		
Morley Stable Value Fund *	Liquid Assets, 29.8482 units with a fair value of \$25.60 per unit	764
Total common collective trust		<u>764</u>
Total investments		<u>\$ 24,860,042</u>

* Denotes party in interest to the Plan.

See accompanying independent auditors' report.

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

K C R B C 401C

EIN 43 0902508
 PLAN NUMBER 001
 PLAN YEAR 01/01/2017 TO 12/31/2017

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
	American Century Investments	Registered Investment Company American Centur Mid-Cap Val R6	\$ 0.00	\$ 1,705,823.36
	Columbia Funds	Registered Investment Company Columbia Dividend Opp I3 Fund	\$ 0.00	\$ 438,152.10
	Janus International Holding, LLC	Registered Investment Company JanusHenderson Entrprsr N	\$ 0.00	\$ 25,714.14
*	Principal Global Investors Trust Co	Common/Collective Trust MORLEY STABLE VALUE FUND	\$ 0.00	\$ 762.00
	Oppenheimer	Registered Investment Company Oppenheimer Dev Markets I Fund	\$ 0.00	\$ 214,195.66
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Diversified Intl SA-Z	\$ 0.00	\$ 1,801,577.65
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LgCp S&P 500 Index SA-Z	\$ 0.00	\$ 308,923.76
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime Strat Inc SA-Z	\$ 0.00	\$ 38,277.65
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2020 Sep Acct-Z	\$ 0.00	\$ 1,642,354.14
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2040 Sep Acct-Z	\$ 0.00	\$ 1,630,910.49
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2050 Sep Acct-Z	\$ 0.00	\$ 2,603,976.35
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2060 Sep Acct-Z	\$ 0.00	\$ 171,080.44
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTm 2010 Sep Acct-Z	\$ 0.00	\$ 262,621.84
*	Principal Life Insurance Company	Pooled Separate Assets Sep Acct-Z	\$ 0.00	\$ 660,868.99
*	Principal Life Insurance Company	Pooled Separate Accounts Prin MidCap S&P 400 Idx SA-Z	\$ 0.00	\$ 444,655.71

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

K C R B C 401C

EIN 43 0902508
 PLAN NUMBER 001
 PLAN YEAR 01/01/2017 TO 12/31/2017

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Pref Secs Sep Acct-Z	\$ 0.00	\$ 2,508,718.88
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Short-Term Income SA-Z	\$ 0.00	\$ 488,193.47
*	Principal Life Insurance Company	Pooled Separate Accounts Prin SmCap S&P 600 Index SA-Z	\$ 0.00	\$ 229,087.27
*	Principal Life Insurance Company	Pooled Separate Accounts Principal Div Real Asset SA-Z	\$ 0.00	\$ 20,523.23
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2030 Sep Acct-Z	\$ 0.00	\$ 1,388,687.70
	PGIM Investments	Registered Investment Company Prudential Jenn Sm Co Q Fund	\$ 0.00	\$ 1,016,876.96
	Vanguard Group	Registered Investment Company Vanguard PRIMECAP Admiral Fund	\$ 0.00	\$ 5,245,569.01
	Wells Fargo	Registered Investment Company Wells Fargo Discovery R6 Fund	\$ 0.00	\$ 2,012,490.85



KPMG LLP
Suite 1100
1000 Walnut Street
Kansas City, MO 64106-2162

July 31, 2018

The Board of Directors
Kansas City Royals Baseball Corporation 401(k) Plan
Kansas City, Missouri

Ladies and Gentlemen:

We have audited the financial statements and supplemental schedule of the Kansas City Royals Baseball Corporation 401(k) Plan (the Plan) as of December 31, 2017 and 2016 and for each of the years then ended, and expect to issue our report thereon under date of July 31, 2018. Under our professional standards, we are providing you with the accompanying information related to the conduct of our audit.

Our Responsibility under Professional Standards

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform any auditing procedures with respect to information summarized in Note 4, which was certified by Principal Life Insurance Company and Principal Trust Company, the custodians of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the financial statements and supplemental schedule taken as a whole. We are responsible for forming and expressing an opinion that the form and content of the financial statements and supplemental schedule, that have been prepared by the Plan Administrator with the oversight of the Benefit Administration committee, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. We have a responsibility to perform our audit of the information included in the financial statements and supplemental schedule, other than the information certified by the custodians, in accordance with professional standards. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected. Our audit does not relieve the Plan Administrator or the Benefits Administration Committee of their responsibilities.

In addition, in planning and performing our audit of the financial statements, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

We also have a responsibility to communicate significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of the Benefits Administrative Committee in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.



The Board of Directors
The Kansas City Royals Baseball Corporation 401(k) Plan
Page 2 of 3

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Plan's financial statements and our auditors' report thereon does not extend beyond the financial information identified in our auditors' report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We have, however, read the other information included in the Plan's annual report Form 5500 submitted to the Department of Labor and no matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Accounting Practices and Alternative Treatments

Significant Accounting Policies

The significant accounting policies used by the Plan are described in Note 2 to the financial statements.

Qualitative Aspects of Accounting Practices

We have discussed with the Plan Administrator and management our judgments about the quality, not just the acceptability, of the Plan's accounting principles as applied in its financial reporting. The discussions generally included such matters as the consistency of the Plan's accounting policies and their application, and the understandability and completeness of the Plan's financial statements, which include related disclosures.

Management Judgments and Accounting Estimates

The preparation of the financial statements and supplemental schedule requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and supplemental schedule and the reported amounts of additions and deductions from net assets during the period.

Uncorrected and Corrected Misstatements

Uncorrected Misstatements

In connection with our audit of the Plan's financial statements, we have not identified any significant financial statement misstatements that have not been corrected in the Plan's books and records as of and for the year ended December 31, 2017 and have communicated that finding to management.

Disagreements with Management

There were no disagreements with management on financial accounting and reporting matters that would have caused a modification of our auditors' report on the Plan's financial statements.

Management's Consultation with Other Accountants

To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the year ended December 31, 2017.

Significant Issues Discussed, or Subject to Correspondence, with Management

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters with, including the application of accounting principles and auditing standards, the Plan Administrator and management each year prior to our retention by you as the Plan's auditors. However these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



The Board of Directors
The Kansas City Royals Baseball Corporation 401(k) Plan
Page 3 of 3

Material Written Communications

Attached to this letter please find copies of the following material written communications between management and us:

1. Engagement letter;
2. Management representation letter

Independence

We are not aware of any relationships between our firm and the Plan and persons in a financial reporting oversight role at the Plan sponsor that may reasonably be thought to bear on independence.

Confirmation of Audit Independence

We hereby confirm that as of July 31, 2018, we are independent accountants with respect to the Plan under relevant professional and regulatory standards.

This letter to the Board of Directors is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP

Kansas City, Missouri
July 31, 2018



KPMG LLP
Suite 1100
1000 Walnut Street
Kansas City, MO 64106-2162

Telephone +1 816 802 5200
Fax +1 816 817 1960
kpmg.com

April 16, 2018

Kansas City Royals Baseball Corporation 401(k) Plan and
Kansas City Royals Baseball Corporation
One Royal Way
Kansas City, Missouri, 64129

Attention: Mr. David Laverentz, Plan Administrator, Kansas City Royals Baseball Corporation 401(k) Plan and
Chief Financial Officer, Kansas City Royals Baseball Corporation

Ladies and Gentlemen:

This letter (the Engagement Letter) confirms our understanding of our engagement to provide professional services to Kansas City Royals Baseball Corporation 401(k) Plan (the Plan).

Objectives and Limitations of Services

Audit Services

You have requested that we audit the Plan's financial statements and supplemental schedules (financial statements) as set forth in Appendix I.

We will conduct the audit in accordance with auditing standards generally accepted in the United States of America except that, as permitted by Regulation 2520.103-8 of the Department of Labor's (DOL's) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA) and as instructed by you, we will not perform any auditing procedures with respect to investment information prepared and certified to by Principal Financial Group, Inc., the trustee, other than comparing that information with the related information included in the financial statements. Because of the significance of the information that we will not audit, we will not express an opinion on the financial statements. The form and content of the information included in the financial statements, other than that derived from the information certified to by the trustee, will be audited by us in accordance with auditing standards generally accepted in the United States of America, and will be subjected to tests of your accounting records and such other procedures as we consider necessary in the circumstances, based on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud, to enable us to express an opinion as to whether they are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, fraud, prohibited transactions with parties in interest, other violations of ERISA rules and regulations, and noncompliance with laws and regulations may exist and not be detected by an audit of financial statements even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America. Also, an audit is not designed to detect matters that are immaterial to the financial statements. We will also perform certain limited procedures to the required supplementary information as required by auditing standards generally accepted in the United States of America. However, we will not express an opinion or provide any assurance on the information. Our report relating to the financial statements will include our consideration of required supplementary information.



Kansas City Royals Baseball Corporation 401(k) Plan and
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Subject to the remainder of this paragraph, we will issue a written report upon completion of our audit of the Plan's financial statements, addressed to the Plan Administrator. We cannot provide assurance that a limited scope opinion will be expressed. Circumstances may arise in which it is necessary for us to further modify our opinion, add emphasis-of-matter or other-matter paragraphs or withdraw from the engagement. If, during the performance of our audit procedures, such circumstances arise, we will communicate to those charged with governance our reasons for modification or withdrawal.

You have not engaged us to prepare or review the Plan's Form 5500 filing with the DOL. Because the audited financial statements of the Plan are required to be filed with the Form 5500, professional standards require that we read the Form 5500 prior to its filing. The purpose of this procedure is to consider whether such information, or the manner of its presentation in the Form 5500, is materially inconsistent with the information, or the manner of its presentation, appearing in the financial statements. These procedures are not sufficient nor are they intended to ensure that the form is completely and accurately prepared. In the event that our report is issued prior to our having read the Form 5500, you agree not to attach such report to the financial statements included with the Form 5500 filing until we have read the completed Form 5500.

Internal Control over Financial Reporting

In making our risk assessments as part of planning and performing our audit of the financial statements, we will consider the Plan's internal control relevant to the preparation and fair presentation of the financial statements in order to determine the nature, timing, and extent of our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.

The objective of our audit of the financial statements is not to report on the Plan's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our Responsibility to Communicate with Those Charged with the Plan's Governance

While the objective of our audit of the financial statements is not to report on the Plan's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements, we will communicate, in writing, material weaknesses or significant deficiencies to those charged with governance to the extent they come to our attention.

We will report to those charged with governance, in writing, the following matters:

- Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.
- Uncorrected misstatements accumulated by us during the audit and the effect that they, individually or in the aggregate, may have on our opinion in the auditor's report, and the effect of uncorrected misstatements related to prior periods.
- Significant difficulties and disagreements with management, if any, encountered during our audit.



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- Other matters required to be communicated by auditing standards generally accepted in the United States of America.

We will also read minutes, if any, of relevant committee meetings for consistency with our understanding of the communications made to those charged with governance and determine that those charged with governance have received copies of all material written communications between ourselves and management. We will also determine that those charged with governance have been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the extent that they come to our attention, we will inform the appropriate level of management about any instances of noncompliance or suspected noncompliance with laws and regulations, unless they are clearly inconsequential, material errors in the financial statements, and any instances of fraud, and we will assess whether all identified prohibited party-in-interest transactions are included in the supplemental schedule of nonexempt transactions. Further, to the extent they come to our attention, we also will communicate directly to those charged with governance any instances of noncompliance or suspected noncompliance with laws and regulations, unless they are clearly inconsequential, material errors in the financial statements, and any instances of fraud that involve senior management or that, in our judgment, cause a material misstatement of the financial statements.

As a part of our audit, we will perform certain procedures, as required by auditing standards generally accepted in the United States of America, directed at considering the Plan's compliance with applicable Internal Revenue Code (IRC) requirements for tax-exempt status, including inspecting the Plan's latest tax determination letter from the Internal Revenue Service (IRS). As we conduct our audit, we will be aware of the possibility that events affecting the Plan's tax status may have occurred. Similarly, we will be aware of the possibility that events affecting the Plan's compliance with the requirements of ERISA may have occurred. We will inform those charged with governance of any instances of tax or ERISA noncompliance that come to our attention during the course of our audit. However, our audit is not designed to nor is it intended to determine the Plan's overall compliance with applicable provisions of the IRC or ERISA.

Management Responsibilities

The Plan Administrator acknowledges and understands that they have responsibility for the preparation and fair presentation, in accordance with U.S. generally accepted accounting principles, of the financial statements and all representations contained therein. The Plan Administrator also is responsible for identifying and ensuring that the Plan complies with laws and regulations applicable to its activities and for informing us of any instances of noncompliance or suspected noncompliance with laws and regulations. The Plan Administrator is also responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, establishing and maintaining effective record keeping, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud. The Plan Administrator is also responsible for informing us, of which it has knowledge, of all material weaknesses and significant deficiencies in the design or operation of such controls. The audit of the financial statements does not relieve the Plan Administrator or those charged with governance of their responsibilities.



Kansas City Royals Baseball Corporation 401(k) Plan and
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The Plan Administrator also acknowledges and understands that it is their responsibility to provide us with: i) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters; ii) additional information that we may request from management for purposes of the audit; and iii) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of the Plan Administrator and management about the representations embodied in the financial statements and the effectiveness of internal control and obtain a representation letter from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming an opinion on the financial statements.

The Plan Administrator is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon, taken as a whole.

Non-audit service - Assistance in Preparing Financial Statements

We will assist management in preparing the financial statements and related notes in accordance with U.S. generally accepted accounting principles. We will use the draft financial statements provided by management to assist management in preparing the financial statements and related notes by providing word processing and reproduction assistance.

Our responsibility is to assist management in preparing the financial statements and related notes using the information provided by management. We will not assume management responsibilities on behalf of the Plan Administrator. However, we will provide advice and recommendations to assist management of the Plan Administrator in performing its responsibilities.

The Plan Administrator agrees to:

- Assume all management responsibilities, including determining the accuracy and completeness of the financial statements and notes.
- Assign a suitable employee with appropriate skills, knowledge and/or experience to oversee the financial statement preparation assistance and evaluate the adequacy and results of the services.
- Accept responsibility for the results of the financial statement preparation assistance.

Dispute Resolution

Any dispute or claim between the parties shall be submitted first to non-binding mediation and if mediation is not successful within 90 days after the issuance by one of the parties of a request for mediation then to binding arbitration in accordance with the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution ("IICPR"). Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these dispute resolution procedures, including any contention that all or part of these procedures is invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. By operation of this provision, the parties agree to forgo litigation over such disputes in any court of competent jurisdiction.



Kansas City Royals Baseball Corporation 401(k) Plan and
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Mediation shall take place at a location to be designated by the parties using Mediation Procedures of the IICPR, with the exception of paragraph 2 (Selecting the Mediator). Arbitration shall take place in New York, New York and shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1, et seq. Party-selected arbitrators shall be selected from the lists of neutrals maintained by either the IICPR or by JAMS, Inc., but the chair of the arbitration panel does not have to be selected from those specific lists. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort except as provided in IICPR Rule 13 (Interim Measures of Protection). Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party's actual damages shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Either party may seek to enforce any written agreement reached by the parties during mediation, or to confirm, enforce or vacate any final award entered in arbitration, in any court of competent jurisdiction, provided that any party moving to enforce, confirm or vacate any such agreement or award, as the case may be, will file such motion under seal unless prohibited under applicable court rules. Notwithstanding the agreement to such procedures, either party may seek equitable relief to enforce its rights in any court of competent jurisdiction.

Other Matters

All disputes between the parties (whether based in contract, tort, statute, regulation, or otherwise and whether pending in court or in an arbitral forum) shall be governed by and construed in accordance with the substantive and procedural laws of the State of New York, including without limitation, its statutes of limitations, without regard to the conflict of laws provisions of New York or any other state or jurisdiction. In the event that any term or provision of this Engagement Letter shall be held to be invalid, void or unenforceable, then the remainder of the Engagement Letter shall not be affected, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

This letter shall serve as the Plan Sponsor's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG and the Plan and between KPMG and outside specialists or other entities engaged by either KPMG or the Plan. The Plan Sponsor acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

Except as permitted by law or as set forth in this paragraph, neither party shall acquire here under any right to use the name or logo of the other party or any part thereof, and any such use shall require the express written consent of the owner party. The Plan Sponsor agrees that KPMG may list the Plan as a client in KPMG's internal and external marketing materials, including KPMG websites and social media, indicating the general services rendered (e.g., "Kansas City Royals Baseball Corporation 401(k) Plan is an Audit client of KPMG LLP"). Further, for purposes of the services described in this letter only, the Plan Sponsor hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of the Plan Sponsor solely for presentations or reports to the Plan or for internal KPMG presentations and intranet sites.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this letter.



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KPMG, as an accounting firm, has an obligation to comply with applicable professional standards. Certain professional standards, including AICPA Code of Professional Conduct Section 1.700, "Confidential Client Information Rule," adopted by the American Institute of Certified Public Accountants and similar rules adopted by the boards of accountancy of many states, prohibit the disclosure of client confidential information without client consent, except in limited circumstances. KPMG represents to the Plan that KPMG will treat the Plan's confidential information in accordance with applicable professional standards.

KPMG may work with and use the services of other members of the international KPMG network of independent firms and entities controlled by, or under common control with, one or more KPMG member firms (together with KPMG, the "KPMG Firms") to provide services to the Plan. In connection with the performance of services under this Engagement Letter, the KPMG Firms may, in their discretion, utilize the services of third party service providers within or outside of the United States to complete the services under this Engagement Letter. KPMG Firms and such third parties may have access to your confidential information from offshore locations. In addition, KPMG uses third party service providers within and outside of the United States to provide, at its direction, back-office administrative and clerical, or analytical services to KPMG and these third party service providers may in the performance of such services have access to your confidential information. KPMG represents that it has technical, legal and/or other safeguards, measures and controls in place to protect your confidential information from unauthorized disclosure or use.

You also understand and agree that the KPMG Firms, with the assistance of third parties as outlined above, may use all your information for other purposes consistent with our professional standards, such as improving the delivery or quality of audit and other services or technology to you and to other clients, thought leadership projects, to allow you and other clients to evaluate various business transactions and opportunities, and for use in presentations to you, other clients and non-clients. When your information is used outside of the KPMG Firms or such third parties assisting them as outlined above, the Plan will not be identified as the source of the information.

It may be necessary or convenient for the Plan Administrator to use KPMG-owned or -licensed software, software agents, scripts, technologies, tools or applications (collectively "KPMG Technology") designed to extract data from the Plan's electronic books and records systems or other systems (collectively, "Systems"), in connection with the audit. The Plan Administrator understands and agrees that it is solely responsible for following appropriate change management policies, processes and controls relating to use of such technology (including without limitation appropriate backup of the Plan information and Systems) (collectively, "Change Management Processes") before such KPMG Technology is utilized to extract data from the Systems. In the event the Plan Administrator fails to use such Change Management Processes or if such Change Management Processes prove to be inadequate, the Plan Administrator acknowledges that the Systems and/or KPMG Technology may not function as intended. In consideration of the foregoing, KPMG hereby grants the Plan Administrator the right to use KPMG Technology solely to facilitate the Plan Administrator's necessary or convenient provision of information to KPMG in connection with the audit, and this grant does not extend to any other purposes or use by third parties outside of your organization without our prior written approval, provided that third party contractors of the Plan having a need to know in order to perform their services to the Plan are permitted to use KPMG Technology to the extent necessary for such parties to perform such services, so long as the Plan Administrator has technical, legal and/or other safeguards, measures and controls in place to protect such KPMG Technology and the KPMG confidential information therein from unauthorized disclosure or use. Other than as expressly permitted hereby, the Plan Administrator agrees to keep KPMG Technology confidential, using no less than a reasonable standard of care to protect it from unauthorized disclosure or use, and to notify KPMG of any legal compulsions to disclose it, in accordance with the provisions governing legal demand of confidential information which appear in this engagement letter with respect to which the KPMG



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Kansas City Royals Baseball Corporation
April 16, 2018
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Technology is being used, *mutatis mutandis*. If the KPMG Technology is subject to any third party license terms and conditions before being provided to the Plan Administrator, the Plan Administrator may be required to accept such terms and conditions before using the KPMG Technology, in which case KPMG will provide such license terms and conditions to the Plan Administrator in writing before the Plan Administrator elects to use the KPMG Technology.

Except as otherwise provided for in this Engagement Letter, neither party may assign, transfer or delegate any of its rights, obligations, claims or proceeds from claims arising under or relating to this Engagement Letter (including by operation of law, in which case the assigning party will, to the extent legally permissible, give as much advance written notice as is reasonably practicable thereof) without the prior written consent of the other party, such consent not to be unreasonably withheld. Any assignment in violation hereof shall be null and void.

Access to Audit Documentation by Regulators and Others

The audit documentation for this engagement is the property of KPMG. If KPMG receives a subpoena; other validly issued administrative, judicial, government or investigative regulatory demand or request; or other legal process requiring it to disclose the Plan Sponsor's confidential information ("Legal Demand"), KPMG shall, unless prohibited by law or such Legal Demand, provide prompt written notice to the Plan Sponsor of such Legal Demand in order to permit it to seek a protective order. So long as KPMG gives notice as provided herein, KPMG shall be entitled to comply with such Legal Demand to the extent required by law, subject to any protective order or the like that may have been entered in the matter. In the event KPMG is requested or authorized by the Plan Sponsor, or is required by law, rule, regulation or Legal Demand in a proceeding or investigation to which KPMG is not a named party or respondent, to produce KPMG's documents or personnel as witnesses or for interviews, or otherwise to make information relating to the service under the Engagement Letter available to a third party, or the Plan Sponsor, the Plan Sponsor shall reimburse KPMG for its professional time, at its then-current standard hourly rates, and expenses, including reasonable attorneys' fees and expenses, incurred in producing documents or personnel or providing information pursuant to such requests, authorizations or requirements.

We may also be requested to make certain audit documentation available to the DOL pursuant to authority provided by law or regulation. If so requested, access to such audit documentation will be provided. Furthermore, the DOL may obtain copies of selected audit documentation. The DOL may intend, or decide, to distribute the copies or information contained therein to others, including other government agencies. We agree to communicate to you on a timely basis any requests by the DOL for access to the audit documentation as part of its inspection process and when it desires direct contact with the Plan Administrator or those charged with governance.

Additional Reports and Fees for Services

Appendix I to this letter lists the additional reports we will issue as part of this engagement and our fees for professional services to be performed under this letter.

In addition, fees for any special audit-related projects, such as research and/or consultation on special business or financial issues, will be billed separately from the audit fees for professional services set forth in Appendix I and may be subject to written arrangements supplemental to those in this letter.



Kansas City Royals Baseball Corporation 401(k) Plan and
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Our engagement herein is for the provision of annual audit services for the financial statements for the periods described in Appendix I, and it is understood that such services are provided as a single annual engagement. Pursuant to our arrangement as reflected in this letter, we will provide the services set forth in Appendix I as a single engagement for each of the Plan's subsequent fiscal years until either the Plan Administrator or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be annually subject to negotiation and approval by the Plan Administrator.

This Engagement Letter and any exhibits, attachments and appendices hereto, and amendments thereto agreed in writing by the parties, shall constitute the entire agreement between KPMG and the Plan Administrator with respect to the subject matter hereof and thereof, and supersede all other previous oral and written representations, understandings or agreements relating to the subject matter of this agreement.



Kansas City Royals Baseball Corporation 401(k) Plan and
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We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the Plan's financial statements including our respective responsibilities.

Very truly yours,

KPMG LLP

Cassandra M. Meschke
Managing Director

CMM:lm

Enclosure

ACCEPTED

Kansas City Royals Baseball Corporation
401(k) Plan and Kansas City Royals
Baseball Corporation

David Laverentz

Vice President, Finance and
Administration/Plan Administrator
Title

April 17, 2018
Date

Appendix I

Fees for Services

Based upon our discussions with and representations of management, our fees for services we will perform are estimated as follows:

Limited scope audit of financial statements and supplemental schedules of the Plan as of December 31, 2017 and 2016 and for the years then ended, and the related notes to the financial statements, all of which are to be included in the Plan's Form 5500 proposed to be filed with the DOL.	\$19,000
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Unless we agree otherwise in writing, our fees shall be paid directly by the Plan Sponsor or from the assets of the Plan.

The above estimates are based on the level of experience of the individuals who will perform the services. In addition, expenses are billed for reimbursement as incurred. Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to clients.

All fees, charges and other amounts payable to KPMG under the Engagement Letter do not include any sales, use, excise, value added, income or other applicable taxes, tariffs or duties, payment of which shall be the Plan's sole responsibility, excluding any applicable taxes based on KPMG's net income or taxes arising from the employment or independent contractor relationship between KPMG and its personnel.



July 31, 2018

KPMG LLP
1000 Walnut Street
Suite 1100
Kansas City, Missouri 64106

Ladies and Gentlemen:

We are providing this letter in connection with your audits of the statements of net assets available for benefits of Kansas City Royals Baseball Corporation 401(k) Plan (the Plan) as of December 31, 2017 and 2016, the related statement of changes in net assets available for benefits for the years then ended, the related notes to the financial statements, and the supplemental Schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2017. We understand that, at our instruction, you did not perform any auditing procedures with respect to information prepared and certified to by Principal Life Insurance Company and Principal Trust Company, the Custodians, in accordance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA) (DOL Regulation 2520.103-5), other than comparing such information to the financial statements and supplemental schedule. Because of the significance of the information which you did not audit, we understand that you will not express an opinion on the financial statements and supplemental schedule taken as a whole.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of July 31st 2018, the following representation made to you during your audit:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 18, 2018, for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles.
2. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence;
 - d. All minutes of the meetings of Plan Committee or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.

KANSAS CITY ROYALS

ONE ROYAL WAY • KANSAS CITY, MO 64129 • ROYALS.COM • 816.921.8000

1985 AND 2015 WORLD CHAMPIONS | 1980, 1985, 2014 AND 2015 AMERICAN LEAGUE CHAMPIONS

2015 AMERICAN LEAGUE CENTRAL DIVISION CHAMPIONS | 1976, 1977, 1978, 1980, 1984 AND 1985 AMERICAN LEAGUE WEST DIVISION CHAMPIONS

- e. Amendments made to the plan instrument, the trust agreement, or insurance contracts during the year, including amendments to comply with applicable laws.
- 3. Except as disclosed to you in writing, there have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, operations of the Plan, or other matters that could have a material adverse effect on the financial statements.
- 4. We have disclosed to you, in writing, all known instances of non-compliance or suspected non-compliance with laws and regulations, whose effects should be considered when preparing financial statements.
- 5. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 6. We have disclosed to you all side agreements or other arrangements (either written or oral.)
- 7. All events subsequent to the date of the financial statements and through the date of this letter for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8. We have disclosed to you, in writing, all other matters (e.g., breach of fiduciary responsibilities, nonexempt transactions/prohibited party-in-interest transactions, loans or loans in default, or events that may jeopardize the tax status.)
- 9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 450, *Contingencies*.
- 10. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- 11. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements, whether due to error or fraud. We understand that the term "fraud" is defined as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements.
- 12. There are no deficiencies, significant deficiencies, or material weaknesses in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Plan's ability to initiate, authorize, record, process, or report financial data. We have applied the definitions of a "significant deficiency" and a "material weakness" in accordance with the definitions in AU-C Section 265, *Communicating Internal Control Related Matters Identified in an Audit*.
- 13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14. We have no knowledge of any fraud, or suspected fraud, affecting the Plan involving:
 - a. Management/Plan Administrator,

- b. Employees who have significant roles in internal control,
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Plan's financial statements communicated by employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.
16. The Plan or Plan sponsor has no plans or intentions to terminate the Plan or merge the Plan into or with another plan.
17. We have no knowledge of any officer or director of the Plan or Plan sponsor, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.
18. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
19. We have disclosed to you the identity of the Plan's related parties and parties-in-interest and all the related party and party-in-interest relationships and transactions of which we are aware.
20. The following have been properly recorded or disclosed in the financial statements and supplemental schedules:
- a. Related party relationships and transactions, of which we are aware, in accordance with U.S. generally accepted accounting principles, including parties-in-interest, as defined in ERISA section 3(14) and regulations thereunder, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments, and amounts receivable from or payable to parties in interest.

We understand that Section 3(14) of ERISA defines a "*party in interest*" to include fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50% or more of such an employer or employee association, or relatives of such persons just listed. Although not identical, ERISA defines "parties in interest" in much the same way as FASB ASC Topic 850, *Related Party Disclosures*, defines the term related parties. As defined by ASC Topic 850, "related parties" includes affiliates of the entity; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; principal owners of the entity; its management; members of the immediate families of principal owners of the entity and its management; and other parties with which the entity may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

- b. Non-exempt party-in-interest transactions (as defined in ERISA section 406 and 407(a)).
- c. Investments in default or considered to be uncollectible.

- d. Reportable transactions (as defined in ERISA section 103(b)(3)(H) and regulations thereunder.
 - e. Guarantees, whether written or oral, under which the Plan is contingently liable, including guarantee contracts and indemnification agreements pursuant to FASB ASC Topic 460, *Guarantees*.
 - f. Amendments to the plan instrument, if any.
 - g. Change in accounting principle affecting consistency.
21. The Plan has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
22. The Plan has complied with all aspects of contractual agreements that would have a material effect on the financial statements, in the event of noncompliance
23. The Plan has complied with the fidelity bonding requirements of ERISA.
24. All required filings of the Plan and trust documents with the appropriate regulatory agencies have been made.
25. The Plan (and the trust established under the Plan) is qualified under the appropriate section of the Internal Revenue Code and intends to continue as a qualified plan (and trust). We believe the Plan (and trust) is being operated in a manner that did not jeopardize the continued qualification of the Plan (and trust).
26. The Plan has complied with IRS and DOL rules and regulations concerning the timely remittance of participant contributions to the trust containing assets for the Plan.
27. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. generally accepted accounting principles. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the Plan's current period financial statements, and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.
28. We acknowledge our responsibility for the presentation of the supplementary information, which includes supplementary schedule H, line 4I-schedule of assets (held at end of year) as of December 31, 2017, in accordance with the applicable criteria and/or prescribed guidelines and:
- a. Believe the supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and/or prescribed guidelines;
 - b. The methods of measurement or presentation of the supplementary information have not changed from those used in the prior period: and
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the supplementary information are reasonable and appropriate in the circumstances.

29. The significant assumption used in our fair value measurements and disclosures are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the fair value measurement and disclosure.

Very truly yours,

Kansas City Royals Baseball Corporation 401(k) Plan

A handwritten signature in black ink, appearing to read "David Laverentz", written over a horizontal line.

David Laverentz
Chief Financial Officer and Plan Administrator