

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549**

FORM 10-Q

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

For the quarterly period ended June 30, 2010

OR

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

For the transition period from _____ to _____

Commission File Number 001-33982

LIBERTY MEDIA CORPORATION

(Exact name of Registrant as specified in its charter)

State of Delaware (State or other jurisdiction of incorporation or organization)	84-1288730 (I.R.S. Employer Identification No.)
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12300 Liberty Boulevard Englewood, Colorado (Address of principal executive offices)	80112 (Zip Code)
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Registrant's telephone number, including area code: (720) 875-5400

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

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

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

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/> (do not check if smaller reporting company)	Smaller reporting company <input type="checkbox"/>
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Indicate by check mark whether the Registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. Yes No

The number of outstanding shares of Liberty Media Corporation's common stock as of July 30, 2010 was:

	<u>Series A</u>	<u>Series B</u>
Liberty Capital common stock	80,096,717	7,379,094
Liberty Interactive common stock	568,838,611	29,247,036
Liberty Starz common stock	48,916,150	2,360,545

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(unaudited)

	June 30, 2010	December 31, 2009
	amounts in millions	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 4,106	4,835
Trade and other receivables, net	1,327	1,518
Inventory, net	956	985
Program rights	508	469
Financial instruments (note 8)	—	752
Other current assets	560	168
Total current assets	<u>7,457</u>	<u>8,727</u>
Investments in available-for-sale securities and other cost investments, including \$904 million and \$851 million pledged as collateral for share borrowing arrangements (note 6)	4,070	4,120
Investments in affiliates, accounted for using the equity method (note 7)	1,017	1,030
Property and equipment, at cost	2,165	2,163
Accumulated depreciation	(912)	(858)
	<u>1,253</u>	<u>1,305</u>
Intangible assets not subject to amortization (note 9):		
Goodwill	6,157	6,225
Trademarks	2,494	2,508
Other	153	153
	<u>8,804</u>	<u>8,886</u>
Intangible assets subject to amortization, net (note 9)	2,824	3,027
Other assets, at cost, net of accumulated amortization	1,422	1,536
Total assets	<u>\$ 26,847</u>	<u>28,631</u>

(continued)

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets, continued

(unaudited)

	June 30, 2010	December 31, 2009
	amounts in millions	
<i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable	\$ 467	598
Accrued liabilities	910	1,037
Financial instruments (note 8)	1,074	1,002
Current portion of debt (note 10)	791	1,932
Current deferred income tax liabilities	1,322	1,247
Other current liabilities	601	360
Total current liabilities	<u>5,165</u>	<u>6,176</u>
Long-term debt, including \$2,235 million and \$2,254 million measured at fair value (note 10)	7,364	7,842
Deferred income tax liabilities	2,583	2,675
Other liabilities	1,509	1,700
Total liabilities	<u>16,621</u>	<u>18,393</u>
Equity		
Stockholders' equity (note 11):		
Preferred stock, \$.01 par value. Authorized 50,000,000 shares; no shares issued	—	—
Series A Liberty Capital common stock, \$.01 par value. Authorized 2,000,000,000 shares; issued and outstanding 83,323,278 shares at June 30, 2010 and 89,814,862 shares at December 31, 2009	1	1
Series B Liberty Capital common stock, \$.01 par value. Authorized 75,000,000 shares; issued and outstanding 7,381,311 shares at June 30, 2010 and 7,405,151 shares at December 31, 2009	—	—
Series A Liberty Starz common stock, \$.01 par value. Authorized 4,000,000,000 shares; issued and outstanding 48,911,983 shares at June 30, 2010 and 49,673,954 shares at December 31, 2009	—	—
Series B Liberty Starz common stock, \$.01 par value. Authorized 150,000,000 shares; issued and outstanding 2,363,545 shares at June 30, 2010 and 2,365,545 shares at December 31, 2009	—	—
Series A Liberty Interactive common stock, \$.01 par value. Authorized 4,000,000,000 shares; issued and outstanding 568,839,391 shares at June 30, 2010 and 567,044,845 shares at December 31, 2009	6	6
Series B Liberty Interactive common stock, \$.01 par value. Authorized 150,000,000 shares; issued and outstanding 29,249,336 shares at June 30, 2010 and 29,276,689 shares at December 31, 2009	—	—
Additional paid-in capital	8,686	8,900
Accumulated other comprehensive earnings, net of taxes	140	352
Retained earnings	1,276	850
Total stockholders' equity	<u>10,109</u>	<u>10,109</u>
Noncontrolling interests in equity of subsidiaries	117	129
Total equity	<u>10,226</u>	<u>10,238</u>
Commitments and contingencies (note 13)		
Total liabilities and equity	<u>\$ 26,847</u>	<u>28,631</u>

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Operations

(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	amounts in millions, except per share amounts			
Revenue:				
Net retail sales	\$ 2,053	1,936	4,078	3,767
Communications and programming services	511	498	984	920
	<u>2,564</u>	<u>2,434</u>	<u>5,062</u>	<u>4,687</u>
Operating costs and expenses:				
Cost of sales	1,284	1,208	2,578	2,391
Operating	558	477	1,014	904
Selling, general and administrative, including stock-based compensation (note 3)	271	264	617	522
Depreciation and amortization	164	163	326	336
	<u>2,277</u>	<u>2,112</u>	<u>4,535</u>	<u>4,153</u>
Operating income	287	322	527	534
Other income (expense):				
Interest expense	(174)	(143)	(344)	(280)
Share of earnings (losses) of affiliates, net (note 7)	39	14	48	(91)
Realized and unrealized gains (losses) on financial instruments, net (note 8)	(81)	266	86	2
Gains on dispositions, net (note 6)	25	113	388	111
Other, net	2	81	—	92
	<u>(189)</u>	<u>331</u>	<u>178</u>	<u>(166)</u>
Earnings from continuing operations before income taxes	98	653	705	368
Income tax expense	(57)	(257)	(265)	(120)
Earnings from continuing operations	41	396	440	248
Earnings from discontinued operations, net of taxes (note 2)	—	90	—	111
Net earnings	41	486	440	359
Less net earnings attributable to the noncontrolling interests	4	8	14	17
Net earnings attributable to Liberty Media Corporation shareholders	<u>\$ 37</u>	<u>478</u>	<u>426</u>	<u>342</u>
Net earnings (loss) attributable to Liberty Media Corporation shareholders:				
Liberty Capital common stock	\$ (82)	201	(60)	41
Liberty Starz common stock	61	149	118	230
Liberty Interactive common stock	58	128	368	71
	<u>\$ 37</u>	<u>478</u>	<u>426</u>	<u>342</u>

(continued)

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Operations, continued

(unaudited)

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	amounts in millions, except per share amounts			
Basic earnings (loss) from continuing operations attributable to Liberty Media Corporation				
stockholders per common share (note 4):				
Series A and Series B Liberty Capital common stock	\$ (.86)	2.09	(.63)	.43
Series A and Series B Liberty Starz common stock	\$ 1.22	.11	2.36	.23
Series A and Series B Liberty Interactive common stock	\$.10	.22	.62	.12
Diluted earnings (loss) from continuing operations attributable to Liberty Media				
Corporation stockholders per common share (note 4):				
Series A and Series B Liberty Capital common stock	\$ (.86)	2.07	(.63)	.42
Series A and Series B Liberty Starz common stock	\$ 1.20	.11	2.31	.23
Series A and Series B Liberty Interactive common stock	\$.10	.21	.61	.12
Basic net earnings (loss) attributable to Liberty Media Corporation shareholders per				
common share (note 4):				
Series A and Series B Liberty Capital common stock	\$ (.86)	2.09	(.63)	.43
Series A and Series B Liberty Starz common stock	\$ 1.22	.29	2.36	.44
Series A and Series B Liberty Interactive common stock	\$.10	.22	.62	.12
Diluted net earnings (loss) attributable to Liberty Media Corporation shareholders per				
common share (note 4):				
Series A and Series B Liberty Capital common stock	\$ (.86)	2.07	(.63)	.42
Series A and Series B Liberty Starz common stock	\$ 1.20	.29	2.31	.44
Series A and Series B Liberty Interactive common stock	\$.10	.21	.61	.12

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Comprehensive Earnings (Loss)

(unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2010	2009	2010	2009
	amounts in millions			
Net earnings	\$ 41	486	440	359
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	(50)	74	(102)	(13)
Unrealized holding gains (losses) arising during the period	(67)	21	(2)	19
Recognition of previously unrealized losses (gains) on available-for-sale securities, net	(14)	—	(126)	2
Share of other comprehensive earnings (loss) of equity affiliates	(6)	5	(1)	(10)
Other, net	12	20	25	37
Other comprehensive loss from discontinued operations	—	(5)	—	(6)
Other comprehensive earnings (loss)	(125)	115	(206)	29
Comprehensive earnings (loss)	(84)	601	234	388
Less comprehensive earnings attributable to the noncontrolling interests	11	11	20	7
Comprehensive earnings (loss) attributable to Liberty Media Corporation shareholders	\$ (95)	590	214	381
Comprehensive earnings (loss) attributable to Liberty Media Corporation shareholders:				
Liberty Capital common stock	\$ (170)	212	(88)	55
Liberty Starz common stock	61	144	118	224
Liberty Interactive common stock	14	234	184	102
	\$ (95)	590	214	381

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Cash Flows

(unaudited)

	Six months ended	
	June 30,	
	2010	2009
	amounts in millions	
Cash flows from operating activities:		
Net earnings	\$ 440	359
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Earnings from discontinued operations	—	(111)
Depreciation and amortization	326	336
Stock-based compensation	60	63
Cash payments for stock-based compensation	(40)	(11)
Noncash interest expense	50	74
Share of (earnings) losses of affiliates, net	(48)	91
Cash receipts from returns on equity investments	10	—
Realized and unrealized gains on financial instruments, net	(86)	(2)
Gains on disposition of assets, net	(388)	(111)
Deferred income tax (benefit) expense	106	(59)
Other noncash charges (credits), net	112	(16)
Changes in operating assets and liabilities		
Current and other assets	88	383
Payables and other current liabilities	(99)	(147)
Net cash provided by operating activities	<u>531</u>	<u>849</u>
Cash flows from investing activities:		
Cash proceeds from dispositions	518	420
Proceeds from settlement of financial instruments, net	719	61
Investments in and loans to cost and equity investees	(257)	(609)
Repayment of loan by cost and equity investees	98	—
Capital expended for property and equipment	(129)	(93)
Net sales (purchases) short term investments	(307)	59
Net (increase) decrease in restricted cash	(30)	24
Other investing activities, net	(2)	(40)
Net cash provided (used) by investing activities	<u>610</u>	<u>(178)</u>
Cash flows from financing activities:		
Borrowings of debt	1,136	1,979
Repayments of debt	(2,738)	(1,735)
Repurchases of Liberty common stock	(326)	(3)
Other financing activities, net	73	(66)
Net cash provided (used) by financing activities	<u>(1,855)</u>	<u>175</u>
Effect of foreign currency exchange rates on cash	<u>(15)</u>	<u>(24)</u>
Net cash provided by discontinued operations:		
Cash used by operating activities	—	(3)
Cash used by investing activities	—	(17)
Cash provided by financing activities	—	—
Change in available cash held by discontinued operations	—	45
Net cash provided by discontinued operations	<u>—</u>	<u>25</u>
Net increase (decrease) in cash and cash equivalents	(729)	847
Cash and cash equivalents at beginning of period	4,835	3,060
Cash and cash equivalents at end of period	<u>\$ 4,106</u>	<u>3,907</u>

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statement Of Equity
(unaudited)
Six months ended June 30, 2010

	Stockholders' Equity											
	Common stock										Noncontrolling interest in equity of subsidiaries	Total equity
	Preferred stock	Liberty Capital		Liberty Starz		Liberty Interactive		Additional paid-in capital	Accumulated other comprehensive earnings	Retained earnings		
		Series A	Series B	Series A	Series B	Series A	Series B					
amounts in millions												
Balance at January 1, 2010	\$ —	1	—	—	—	6	—	8,900	352	850	129	10,238
Net earnings	—	—	—	—	—	—	—	—	—	426	14	440
Other comprehensive loss	—	—	—	—	—	—	—	—	(212)	—	6	(206)
Stock compensation	—	—	—	—	—	—	—	80	—	—	—	80
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	—	9	—	—	—	9
Series A Liberty Capital stock repurchases	—	—	—	—	—	—	—	(286)	—	—	—	(286)
Series A Liberty Starz stock repurchases	—	—	—	—	—	—	—	(40)	—	—	—	(40)
Issuance of subsidiary shares to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	14	14
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(46)	(46)
Other	—	—	—	—	—	—	—	23	—	—	—	23
Balance at June 30, 2010	\$ —	1	—	—	—	6	—	8,686	140	1,276	117	10,226

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

**June 30, 2010
(unaudited)**

(1) Basis of Presentation

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

Liberty, through its ownership of interests in subsidiaries and other companies, is primarily engaged in the video and on-line commerce, media, communications and entertainment industries in North America, Europe and Asia.

The accompanying interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for such periods have been included. The results of operations for any interim period are not necessarily indicative of results for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in Liberty's Annual Report on Form 10-K for the year ended December 31, 2009.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Liberty considers (i) fair value measurement, (ii) accounting for income taxes, (iii) assessments of other-than-temporary declines in fair value of its investments and (iv) estimates of retail-related adjustments and allowances to be its most significant estimates.

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

(2) Tracking Stocks

Tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. Liberty has three tracking stocks—Liberty Interactive common stock, Liberty Starz common stock and Liberty Capital common stock, which are intended to track and reflect the economic performance of the Interactive Group, Starz Group and Capital Group, respectively. While the Interactive Group, the Starz Group and the Capital Group have separate collections of businesses, assets and liabilities attributed to them, no group is a separate legal entity and therefore cannot own

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

assets, issue securities or enter into legally binding agreements. Holders of tracking stocks have no direct claim to the group's stock or assets and are not represented by separate boards of directors. Instead, holders of tracking stock are stockholders of the parent corporation, with a single board of directors and subject to all of the risks and liabilities of the parent corporation.

On November 19, 2009, Liberty completed its previously announced split-off (the "DTV Split-Off") of its wholly owned subsidiary, Liberty Entertainment, Inc. ("LEI"), and the business combination transaction among Liberty, LEI and The DIRECTV Group, Inc. ("DIRECTV") (the "DTV Business Combination"). The DTV Split-Off was accomplished by a redemption (the "Redemption") of 90% of the outstanding shares of Liberty Entertainment common stock in exchange for all of the outstanding shares of common stock of LEI, pursuant to which, 0.9 of each outstanding share of Liberty Entertainment common stock was redeemed for 0.9 of a share of the corresponding series of common stock of LEI, with payment of cash in lieu of any fractional shares.

LEI held Liberty's 57% interest in DIRECTV (which had a carrying value of \$13,475 million at the time of the DTV Split-Off), 100% interest in Liberty Sports Holdings, LLC, 65% interest in Game Show Network, LLC and approximately \$120 million in cash and cash equivalents, and approximately \$2 billion of indebtedness. All of the businesses, assets and liabilities that were attributed to the Entertainment Group and were not held by LEI have remained with Liberty and continue to be attributed to the Entertainment Group, which Liberty redesignated as the Starz Group. The businesses that were held by LEI are accounted for as discontinued operations for periods prior to the DTV Split-Off.

On February 25, 2010, Liberty announced that its board of directors had resolved to effect the following changes in attribution between the Capital Group and the Interactive Group, effective as of that date (the "Reattribution"):

- the change in attribution from the Interactive Group to the Capital Group of Liberty's 14.6% ownership interest in Live Nation Entertainment, Inc.;
- the change in attribution from the Capital Group to the Interactive Group of the following debt securities:
 - \$469 million in principal amount of 4% Exchangeable Senior Debentures due 2029 (the "2029 Exchangeables");
 - \$460 million in principal amount of 3.75% Exchangeable Senior Debentures due 2030 (the "2030 Exchangeables"); and
 - \$492 million in principal amount of 3.5% Exchangeable Senior Debentures due 2031 (the "2031 Exchangeables", and together with the 2029 Exchangeables and the 2030 Exchangeables, the "Exchangeable Notes");
- the change in attribution from the Capital Group to the Interactive Group of approximately \$830 million in net taxable income to be recognized ratably in tax years 2014 through 2018 as a result of the cancellation in April 2009 of \$400 million in principal amount of 2029 Exchangeables and \$350 million in principal amount of 2030 Exchangeables; and
- the change in attribution from the Capital Group to the Interactive Group of \$807 million in cash.

Liberty reflected the Reattribution prospectively in the unaudited attributed financial information. This change in attribution had no effect on the assets and liabilities attributed to the Starz Group.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

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

The term "Interactive Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities which Liberty has attributed to that group. The assets and businesses Liberty has attributed to the Interactive Group are those engaged in video and on-line commerce, and include its subsidiaries QVC, Inc. ("QVC"), Provide Commerce, Inc. ("Provide"), Backcountry.com, Inc. ("Backcountry"), Bodybuilding.com, LLC ("Bodybuilding"), BuySeasons, Inc. ("BuySeasons") and Commerce Technologies, Inc. ("CommerceHub") and its noncontrolling interest in Expedia, Inc. ("Expedia"), HSN, Inc. ("HSN"), Interval Leisure Group, Inc. ("Interval"), Tree.com, Inc. ("Lending Tree") and IAC/InterActiveCorp ("IAC"). In addition, Liberty has attributed \$3,127 million principal amount (as of June 30, 2010) of its public debt to the Interactive Group. The Interactive Group will also include such other businesses, assets and liabilities that Liberty's board of directors may in the future determine to attribute to the Interactive Group, including such other businesses and assets as Liberty may acquire for the Interactive Group.

Similarly, the term "Starz Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities which Liberty has attributed to that group. The Starz Group focuses primarily on video programming and is comprised primarily of Starz Entertainment, LLC ("Starz Entertainment") and \$583 million of corporate cash (as of June 30, 2010). The Starz Group will also include such other businesses, assets and liabilities that Liberty's board of directors may in the future determine to attribute to the Starz Group, including such other businesses as Liberty may acquire for the Starz Group.

The term "Capital Group" also does not represent a separate legal entity, rather it represents all of Liberty's businesses, assets and liabilities other than those which have been attributed to the Interactive Group or the Starz Group. The assets and businesses attributed to the Capital Group include Liberty's subsidiaries: Starz Media, LLC ("Starz Media"), Atlanta National League Baseball Club, Inc. ("ANLBC") and TruePosition, Inc. ("TruePosition"); and its interests in Sirius XM Radio Inc. ("SIRIUS XM"), Time Warner Inc. ("Time Warner"), Time Warner Cable Inc. ("Time Warner Cable"), Sprint Nextel Corporation ("Sprint") and Live Nation Entertainment, Inc. ("Live Nation"). In addition, Liberty has attributed \$2,060 million of cash, including subsidiary cash, and \$1,888 million principal amount (as of June 30, 2010) of its exchangeable senior debentures and other parent debt to the Capital Group. The Capital Group will also include such other businesses, assets and liabilities that Liberty's board of directors may in the future determine to attribute to the Capital Group, including such other businesses and assets as Liberty may acquire for the Capital Group.

During the second quarter of 2009, each of the Starz Group and the Capital Group made intergroup loans to the Interactive Group in the amount of \$250 million. In the first quarter of 2010, the Interactive Group repaid the remaining balance of the intergroup loans by making payments of \$158 million to each the Starz Group and Capital Group.

During the second quarter of 2010, Liberty announced that its board of directors has authorized its management to proceed with a plan to separate its Liberty Capital and Liberty Starz tracking stock groups from its Liberty Interactive tracking stock group.

The proposed split-off will be effected by the redemption of all the outstanding shares of Liberty Capital tracking stock and Liberty Starz tracking stock in exchange for shares in a newly formed company ("Splitco"). Splitco will hold substantially all the assets and be subject to substantially all the liabilities currently attributed to the Liberty Capital and Liberty Starz tracking stock groups. The common stock of Splitco will be divided into two tracking stock groups, one tracking assets that are

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

currently attributed to the Liberty Capital group ("Splitco Capital") and the other tracking assets that are currently attributed to the Liberty Starz group ("Splitco Starz"). In the redemption, holders of Liberty Capital tracking stock will receive shares of Splitco Capital tracking stock and holders of Liberty Starz tracking stock will receive shares of Splitco Starz tracking stock. After the redemption, Splitco and Liberty will be separate public companies.

The proposed split-off is intended to be tax-free to stockholders of Liberty and its completion will be subject to various conditions including the receipt of IRS private letter rulings, the opinions of tax counsel and required governmental approvals. The redemption that is necessary to effect the proposed split-off will require the affirmative vote of a majority of the voting power of the outstanding shares of Liberty Capital tracking stock and Liberty Starz tracking stock at a meeting called to consider the redemption, each voting as a separate class.

On August 6, 2010, Liberty announced that it had filed suit in the Delaware Court of Chancery against the trustee under the indenture governing the public indebtedness issued by the Company's subsidiary, Liberty Media, LLC. The lawsuit was filed in response to allegations made by a law firm purporting to represent a holder with a large position in this public indebtedness. The lawsuit seeks a declaratory judgment by the court that the proposed split-off will not constitute a disposition of "all or substantially all" of the assets of Liberty Media, LLC, as those terms are used in the indenture, as well as related injunctive relief. Resolution of the subject matter of this lawsuit is a condition to Liberty completing the proposed split-off. Subject to the satisfaction of the conditions described above, Liberty intends to complete the proposed split-off in late 2010 or early 2011.

(3) Stock-Based Compensation

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

Included in selling, general and administrative expenses in the accompanying condensed consolidated statements of operations are the following amounts of stock-based compensation (amounts in millions):

Three months ended:	
June 30, 2010	\$ 21
June 30, 2009	\$ 35
Six months ended:	
June 30, 2010	\$ 60
June 30, 2009	\$ 63

During the six months ended June 30, 2010, Liberty granted, primarily to QVC employees, 3.8 million options to purchase shares of Series A Liberty Interactive common stock. Such options had a weighted average grant-date fair value of \$5.57 per share. These options vest semi-annually over the 4 year vesting period.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

During the six months ended June 30, 2010, Liberty granted, primarily to Starz Entertainment employees, 224,000 options to purchase shares of Series A Liberty Starz common stock. Such options had a weighted average grant-date fair value of \$16.70 per share. These options vest quarterly over the 4 year vesting period.

In addition, during the six months ended June 30, 2010 Liberty granted 6.2 million options to purchase shares of Series A Liberty Interactive common stock, 1.1 million options to purchase shares of Series A Liberty Capital common stock and 651,000 options to purchase shares of Series A Liberty Starz common stock, as a long-term incentive grant to Liberty officers. Such options had a weighted average grant-date fair value of \$8.07, \$19.38 and \$22.94 per share, respectively. These options vest one third each on June 30, 2013, June 30, 2014 and December 31, 2015.

The Company has calculated the grant-date fair value for all of its equity classified awards and any subsequent remeasurement of its liability classified awards using the Black-Scholes Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. The volatility used in the calculation for Awards is based on the historical volatility of Liberty's stocks and the implied volatility of publicly traded Liberty options. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

Liberty—Outstanding Awards

The following table presents the number and weighted average exercise price ("WAEP") of options and SARs to purchase Liberty common stock granted to certain officers, employees and directors of the Company.

	Series A					
	Liberty Capital	WAEP	Liberty Interactive	WAEP	Liberty Starz	WAEP
	numbers of options in thousands					
Outstanding at January 1, 2010	5,069	\$ 14.45	40,832	\$ 11.30	2,595	\$ 43.13
Granted	1,116	\$ 34.57	10,016	\$ 14.03	875	\$ 51.23
Exercised	(307)	\$ 14.05	(930)	\$ 4.25	(41)	\$ 31.21
Forfeited/Cancelled	(24)	\$ 13.84	(338)	\$ 6.56	(17)	\$ 42.24
Outstanding at June 30, 2010	5,854	\$ 18.31	49,580	\$ 12.00	3,412	\$ 45.36
Exercisable at June 30, 2010	2,177	\$ 11.65	16,801	\$ 16.88	663	\$ 30.33

The following table provides additional information about outstanding options to purchase Liberty common stock at June 30, 2010.

	No. of outstanding options (000's)	WAEP of outstanding options	Weighted average remaining life	Aggregate intrinsic value (000's)	No. of exercisable options (000's)	WAEP of exercisable options	Aggregate intrinsic value (000's)
Series A Capital	5,854	\$ 18.31	5.4 years	\$ 138,183	2,177	\$ 11.65	\$ 65,911
Series A Interactive	49,580	\$ 12.00	5.2 years	\$ 101,270	16,801	\$ 16.88	\$ 24,711
Series B Interactive	7,491	\$ 23.41	0.9 years	\$ —	7,491	\$ 23.41	\$ —
Series A Starz	3,412	\$ 45.36	6.0 years	\$ 29,867	663	\$ 30.33	\$ 14,349
Series B Starz	599	\$ 31.33	0.9 years	\$ 12,565	599	\$ 31.33	\$ 12,565

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

As of June 30, 2010, the total unrecognized compensation cost related to unvested Liberty equity Awards was approximately \$223 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 3 years.

(4) Earnings (Loss) Per Common Share

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

Series A and Series B Liberty Capital Common Stock

The basic and diluted EPS calculation is based on the following weighted average outstanding shares. Excluded from diluted EPS for the six months ended June 30, 2010 are 1 million potential common shares because their inclusion would be antidilutive.

	Liberty Capital Common Stock			
	Three months ended June 30, 2010	Six months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2009
	numbers of shares in millions			
Basic EPS	95	95	96	96
Stock options	—	—	1	1
Diluted EPS	95	95	97	97

Series A and Series B Liberty Starz Common Stock

The basic and diluted EPS calculation is based on the following weighted average outstanding shares. Excluded from diluted EPS for the six months ended June 30, 2010 are less than a million potential common shares because their inclusion would be antidilutive.

	Liberty Starz Common Stock			
	Three months ended June 30, 2010	Six months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2009
	numbers of shares in millions			
Basic EPS	50	50	517	517
Stock options	1	1	4	3
Diluted EPS	51	51	521	520

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

Series A and Series B Liberty Interactive Common Stock

The basic and diluted EPS calculation is based on the following weighted average outstanding shares. Excluded from diluted EPS for the six months ended June 30, 2010 are 27 million potential common shares because their inclusion would be antidilutive.

	Liberty Interactive Common Stock			
	Three months ended June 30, 2010	Six months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2009
	numbers of shares in millions			
Basic EPS	595	595	594	594
Stock options	10	6	4	3
Diluted EPS	605	601	598	597

(5) Assets and Liabilities Measured at Fair Value

For assets and liabilities required to be reported at fair value, GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs, other than quoted market prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

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

<u>Description</u>	<u>Total</u>	Fair Value Measurements at June 30, 2010		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		amounts in millions		
Available-for-sale securities	\$ 4,063	3,659	404	—
Financial instrument liabilities	\$ 1,142	904	238	—
Debt	\$ 2,235	—	2,235	—

The Company uses the Black-Scholes Model to estimate fair value for the majority of its Level 2 financial instrument assets and liabilities using observable inputs such as exchange-traded equity prices, risk-free interest rates, dividend yields and volatilities obtained from pricing services. For the Company's debt instruments reported at fair value, the Company gets quoted market prices from pricing services or from evidence of observable inputs, some of which may be obtained using third-party brokers. However, the Company does not believe such instruments are traded on "active markets," as defined in GAAP. Accordingly, the debt instruments are reported in the foregoing table as Level 2 fair value.

The Company incorporates a credit risk valuation adjustment in its fair value measurements to estimate the impact of both its own nonperformance risk and the nonperformance risk of its counterparties. The Company estimates credit risk associated with its and its counterparties nonperformance primarily by using observable credit default swap rates for terms similar to those of the remaining life of the instrument, adjusted for any master netting arrangements or other factors that provide an estimate of nonperformance risk. These are Level 3 inputs. However, as the credit risk

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

valuation adjustments were not significant, the Company continues to report its equity collars, interest rate swaps and put options as Level 2.

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

All marketable equity and debt securities held by the Company are classified as available-for-sale ("AFS") and are carried at fair value generally based on quoted market prices. GAAP permits entities to choose to measure many financial instruments, such as AFS securities, and certain other items at fair value and to recognize the changes in fair value of such instruments in the entity's statement of operations (the "fair value option"). Liberty has previously entered into economic hedges for certain of its non-strategic AFS securities (although such instruments are not accounted for as fair value hedges by the Company). Changes in the fair value of these economic hedges are reflected in Liberty's statement of operations as unrealized gains (losses). In order to better match the changes in fair value of the subject AFS securities and the changes in fair value of the corresponding economic hedges in the Company's financial statements, Liberty has elected the fair value option for those of its AFS securities which it considers to be non-strategic ("Non-strategic Securities"). Accordingly, changes in the fair value of Non-strategic Securities, as determined by quoted market prices, are reported in realized and unrealized gains (losses) on financial instruments in the accompanying condensed consolidated statements of operations. The total value of the Non-strategic Securities aggregated \$3,097 million as of June 30, 2010.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

Investments in AFS securities, including Non-strategic Securities, and other cost investments are summarized as follows:

	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
	<u>amounts in millions</u>	
Capital Group		
Time Warner(1)	\$ 990	997
Time Warner Cable(1)	447	356
Sprint ("Sprint")(1)	301	260
Motorola, Inc.(1)	339	403
Viacom, Inc.	238	226
Live Nation(2)	260	—
CenturyLink, Inc.(1)	179	195
Other AFS equity securities(1)	179	220
SIRIUS XM debt securities(3)	399	300
Other AFS debt securities	429	376
Other cost investments and related receivables	7	22
Total attributed Capital Group	<u>3,768</u>	<u>3,355</u>
Interactive Group		
IAC(4)	281	492
Other(5)	—	242
Total attributed Interactive Group	<u>281</u>	<u>734</u>
Starz Group		
Other AFS securities	21	31
Total attributed Starz Group	<u>21</u>	<u>31</u>
Consolidated Liberty	<u>\$ 4,070</u>	<u>4,120</u>

(1) Includes shares pledged as collateral for share borrowing arrangements. See note 8.

(2) On January 25, 2010, Live Nation, Inc. and Ticketmaster Entertainment, Inc. completed a merger transaction. Liberty owned approximately 29% of the outstanding common stock of Ticketmaster and received 1.474 shares of Live Nation for each share of Ticketmaster. As a result of the merger Liberty now owns approximately 15% of the combined entity and accounts for the new investment as an AFS security. Liberty recorded the transaction at fair value and recorded a \$178 million gain. At the time of the merger the investment was attributed to the Interactive Group. As a result of the Reattribution the Live Nation investment is attributed to the Capital Group.

(3) During the six months ended June 30, 2010, Liberty acquired \$150 million of SIRIUS XM 8.75% bonds due April 15, 2015 at par and SIRIUS XM repurchased and retired certain public bonds of which Liberty owned approximately \$55 million of the principal amount. Proceeds from the repurchase were approximately \$58 million.

(4) During the six months ended June 30, 2010, Liberty sold approximately 3.7 million shares of IAC in the open market for cash proceeds of approximately \$77 million. Liberty also physically settled a derivative by delivering 7.5 million shares of IAC for proceeds of \$153 million. The combined gain on the disposition of IAC shares, recorded in gains (losses) on dispositions, net, was \$53 million.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

- (5) During the six months ended June 30, 2010, QVC sold its investment in GSI Commerce, Inc. for aggregate cash proceeds of \$220 million. QVC recognized a \$132 million gain on the sale.

Unrealized Holdings Gains and Losses

Unrealized holding gains and losses related to investments in AFS securities, not accounted for using the fair value option, are summarized below.

	June 30, 2010		December 31, 2009	
	Equity securities	Debt securities	Equity securities	Debt securities
	amounts in millions			
Gross unrealized holding gains	\$ 79	49	258	69
Gross unrealized holding losses	\$ —	(3)	—	—

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

Liberty has various investments accounted for using the equity method. The following table includes Liberty's carrying amount and percentage ownership of the more significant investments in affiliates at June 30, 2010 and the carrying amount at December 31, 2009:

	June 30, 2010		December 31, 2009	
	Percentage ownership	Carrying amount	Carrying amount	
	dollar amounts in millions			
Interactive Group				
Expedia	24%	650	631	
Other	various	215	264	
Capital Group				
SIRIUS XM	40%	50	33	
Other	various	102	102	
		\$ 1,017	1,030	

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2010	2009	2010	2009
	amounts in millions			
Interactive Group				
Expedia	\$ 28	10	42	19
Other	8	2	17	(102)
Capital Group				
SIRIUS XM	8	4	—	4
Other	(5)	—	(11)	(8)
Starz Group				
Other	—	(2)	—	(4)
	<u>\$ 39</u>	<u>14</u>	<u>48</u>	<u>(91)</u>

Expedia

The market value of the Company's investment in Expedia was \$1,300 million and \$1,781 million at June 30, 2010 and December 31, 2009, respectively. Summarized unaudited financial information for Expedia is as follows:

Expedia Consolidated Balance Sheets

	June 30,	December 31,
	2010	2009
	amounts in millions	
Current assets	\$ 1,816	1,225
Property and equipment	257	237
Goodwill	3,597	3,604
Intangible assets	801	823
Other assets	152	48
Total assets	<u>\$ 6,623</u>	<u>5,937</u>
Current liabilities	\$ 2,587	1,835
Deferred income taxes	227	224
Long-term debt	895	895
Other liabilities	247	233
Noncontrolling interest	61	67
Equity	2,606	2,683
Total liabilities and equity	<u>\$ 6,623</u>	<u>5,937</u>

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

Expedia Consolidated Statements of Operations

	Six months ended June 30,	
	2010	2009
	amounts in millions	
Revenue	\$ 1,552	1,405
Cost of revenue	(327)	(292)
Gross profit	1,225	1,113
Selling, general and administrative expenses	(902)	(798)
Amortization	(17)	(18)
Restructuring charges and other	—	(89)
Operating income	306	208
Interest expense	(41)	(42)
Other income (expense), net	3	(22)
Income tax expense	(92)	(62)
Net earnings	176	82
Net earnings attributable to noncontrolling interests	(2)	(2)
Net earnings attributable to Expedia, Inc.	\$ 174	80

Sirius XM Radio Inc.

During 2009, Liberty made equity investments and loans to SIRIUS XM and made open market purchases of SIRIUS XM public debt.

In the first quarter of 2009, Liberty and SIRIUS XM entered into a senior secured loan agreement (the "Senior Loan") whereby Liberty loaned SIRIUS XM \$250 million and made a commitment to loan an additional \$30 million to fund qualifying expenditures by SIRIUS XM (the "Purchase Money Commitment"). In exchange for making the Senior Loan, Liberty received a \$30 million origination fee. Liberty accounted for the origination fee as a discount to the Senior Loan. On March 6, 2009, Liberty (i) purchased \$100 million of a new senior loan facility of a subsidiary of SIRIUS XM ("Subsidiary Senior Loan"), (ii) purchased \$61 million of bank debt of such subsidiary directly from the lending group and (iii) committed to make a loan of \$150 million to such subsidiary in December 2009 ("Subsidiary Commitment"). Also on March 6, 2009 Liberty purchased voting preferred stock of SIRIUS XM (the "SIRIUS XM Preferred Stock"), which has substantially the same rights and preferences as common shareholders of SIRIUS XM, for a cash payment of \$12,500. The SIRIUS XM Preferred Stock is convertible into common stock equal to 40% of the outstanding common shares after giving effect to such conversion.

Liberty allocated the total consideration paid for the Subsidiary Senior Loan, the Subsidiary Commitment and the SIRIUS XM Preferred Stock to each of the instruments based on their relative fair values.

During the first quarter of 2010, Liberty purchased an additional \$150 million of SIRIUS XM 8.75% debt securities due April 15, 2015 at par. During the second quarter of 2010 SIRIUS XM repurchased and retired certain public bonds of which Liberty owned approximately \$55 million of the principal amounts. As of June 30, 2010, Liberty owns \$374 million principal amount of SIRIUS XM

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

public bonds, which are accounted for as AFS securities and have a fair market value of \$399 million, and the SIRIUS XM Preferred Stock.

Based on Liberty's voting rights and its conclusion that the SIRIUS XM Preferred Stock is in-substance common stock, Liberty accounts for its investment in the SIRIUS XM Preferred Stock using the equity method of accounting. Liberty has elected to record its share of earnings/losses for SIRIUS XM on a three-month lag due to timeliness considerations. As of March 31, 2010 SIRIUS XM had total assets and liabilities of \$7,740 million and \$7,588 million, respectively. SIRIUS XM's net income attributable to common shareholders was \$42 million for the three months ended March 31, 2010.

As of June 30, 2010, the SIRIUS XM Preferred Stock had a market value of \$2,458 million based on the value of the common stock into which it is convertible.

(8) Financial Instruments

Equity Collars

The Company has entered into equity collars and other financial instruments to manage market risk associated with its investments in certain marketable securities. These instruments are recorded at fair value based on option pricing models. Equity collars provide the Company with a put option that gives the Company the right to require the counterparty to purchase a specified number of shares of the underlying security at a specified price at a specified date in the future. Equity collars also provide the counterparty with a call option that gives the counterparty the right to purchase the same securities at a specified price at a specified date in the future. The put option and the call option generally have equal fair values at the time of origination resulting in no cash receipts or payments. Currently the Company has no equity collars outstanding.

Borrowed Shares

From time to time and in connection with certain of its derivative instruments, Liberty borrows shares of the underlying securities from a counterparty and delivers these borrowed shares in settlement of maturing derivative positions. In these transactions, a similar number of shares that are owned by Liberty have been posted as collateral with the counterparty. These share borrowing arrangements can be terminated at any time at Liberty's option by delivering shares to the counterparty. The counterparty can terminate these arrangements at any time. The liability under these share borrowing arrangements is marked to market each reporting period with changes in value recorded in unrealized gains or losses in the consolidated statement of operations. The shares posted as collateral under these arrangements are marked to market each reporting period with changes in value recorded as unrealized gains or losses in the consolidated statement of operations.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

The Company's financial instruments are summarized as follows:

<u>Type of financial instrument</u>	<u>June 30, 2010</u>	<u>December 31, 2009</u>
	<u>amounts in millions</u>	
Assets		
Equity collars(1)	\$ —	752
Liabilities		
Borrowed shares(2)	\$ 904	851
Other	238	283
	1,142	1,134
Less current portion	(1,074)	(1,002)
	<u>\$ 68</u>	<u>132</u>

- (1) The Company's Sprint/CenturyLink, Inc. equity collars were physically settled using borrowed shares during the six months ended June 30, 2010 for total proceeds of \$864 million (including cash for shares delivered). Proceeds from the settlement were used to repay the outstanding derivative loan. Following this transaction the Company no longer has any equity collars outstanding.
- (2) The market values of borrowed shares are as follows:

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
	<u>amounts in millions</u>	
Time Warner	\$ 87	88
Time Warner Cable	39	31
Sprint	222	125
Motorola	339	403
CenturyLink, Inc.	119	84
Other	98	120
	<u>\$ 904</u>	<u>851</u>

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

Realized and Unrealized Gains (Losses) on Financial Instruments

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

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	amounts in millions			
Non-strategic Securities	\$ (179)	635	30	645
Exchangeable senior debentures	86	(98)	16	(333)
Equity collars	(4)	(75)	(2)	(145)
Borrowed shares	64	(176)	61	(171)
Other	(48)	(20)	(19)	6
	<u>\$ (81)</u>	<u>266</u>	<u>86</u>	<u>2</u>

(9) Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

	QVC	Starz Entertainment		Other	Total
	amounts in millions				
Balance at January 1, 2010	\$ 5,395	132	698	6,225	
Foreign currency translation adjustments	(67)	—	—	(67)	
Other	(9)	—	8	(1)	
Balance at June 30, 2010	<u>\$ 5,319</u>	<u>132</u>	<u>706</u>	<u>6,157</u>	

Intangible Assets Subject to Amortization

Amortization expense for intangible assets with finite useful lives was \$235 million and \$250 million for the six months ended June 30, 2010 and 2009, respectively. Based on its amortizable intangible assets as of June 30, 2010, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

Remainder of 2010	\$ 247
2011	\$ 461
2012	\$ 422
2013	\$ 385
2014	\$ 355

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(10) Long-Term Debt

Debt, excluding intergroup debt, is summarized as follows:

	Outstanding principal June 30, 2010	Carrying value	
		June 30, 2010	December 31, 2009
amounts in millions			
Capital Group			
Exchangeable senior debentures			
3.125% Exchangeable Senior Debentures due 2023	\$ 1,138	1,178	1,157
4% Exchangeable Senior Debentures due 2029	—	—	243
3.75% Exchangeable Senior Debentures due 2030	—	—	237
3.5% Exchangeable Senior Debentures due 2031	—	—	297
Liberty bank facility	750	750	750
Liberty derivative loan	—	—	838
Subsidiary debt	86	86	131
Total attributed Capital Group debt	<u>1,974</u>	<u>2,014</u>	<u>3,653</u>
Interactive Group			
Senior notes and debentures			
5.7% Senior Notes due 2013	374	373	801
8.5% Senior Debentures due 2029	287	284	284
8.25% Senior Debentures due 2030	504	501	501
4% Exchangeable Senior Debentures due 2029	469	243	—
3.75% Exchangeable Senior Debentures due 2030	460	232	—
3.5% Exchangeable Senior Debentures due 2031	492	261	—
3.25% Exchangeable Senior Debentures due 2031	541	321	320
QVC 7.125% Senior Secured Notes due 2017	500	500	—
QVC 7.5% Senior Secured Notes due 2019	1,000	984	983
QVC 7.375% Senior Secured Notes due 2020	500	500	—
QVC Bank Credit Facilities	1,825	1,825	2,996
Other subsidiary debt	71	71	188
Total attributed Interactive Group debt	<u>7,023</u>	<u>6,095</u>	<u>6,073</u>
Starz Group			
Subsidiary debt	46	46	48
Total attributed Starz Group debt	<u>46</u>	<u>46</u>	<u>48</u>
Total consolidated Liberty debt	<u>\$ 9,043</u>	<u>8,155</u>	<u>9,774</u>
Less current maturities		(791)	(1,932)
Total long-term debt		<u>\$ 7,364</u>	<u>7,842</u>

Senior Notes and Debentures

During the second quarter of 2010, Liberty completed a cash tender offer for \$410 million aggregate principal amount of the outstanding 5.7% senior notes due 2013. The total consideration payable under the tender offer was determined based on a modified "Dutch Auction" procedure and

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

resulted in a purchase price of 103% of par value. In addition Liberty made open market purchases to retire another \$19 million during the quarter.

Exchangeable Senior Debentures

As discussed in Note 2, effective February 25, 2010 the Board of Directors of Liberty reattributed the 4%, 3.75% and 3.5% Exchangeable Senior Debentures from the Liberty Capital Group to the Liberty Interactive group which was reflected on a prospective basis.

QVC 7.125% Senior Secured Notes due 2017

During the first quarter of 2010, QVC issued \$500 million principal amount of 7.125% Senior Secured Notes due 2017 at par. QVC used the proceeds from such offering to retire certain outstanding term loans under QVC's Bank Credit Facilities that were to mature on various dates between 2010 and 2014.

QVC 7.375% Senior Secured Notes due 2020

During the first quarter of 2010, QVC issued \$500 million principal amount of 7.375% Senior Secured Notes due 2020 at par. QVC used the proceeds from such offering to retire certain outstanding term loans under QVC's Bank Credit Facilities that were to mature on various dates between 2010 and 2014.

QVC Bank Credit Facilities

As noted above, QVC retired outstanding term loans under its Amended Credit Agreements with proceeds from the issuance of the QVC Senior Secured Notes due 2017 and 2020, respectively. The remaining \$1,825 million outstanding principal matures between March 2011 and March 2014 as follows: \$452 million due in 2011; \$400 million due in 2012; \$400 million due in 2013; and \$573 million due in 2014.

QVC was in compliance with all of its debt covenants at June 30, 2010.

QVC Interest Rate Swap Arrangements

QVC is party to ten separate interest rate swap arrangements with an aggregate notional amount of \$2,200 million to manage the cash flow risk associated with interest payments on its variable rate debt. These swap arrangements provide for QVC to make fixed payments at rates ranging from 4.96% to 5.29% and to receive variable payments at 3 month LIBOR. All of the swap arrangements expire in March 2011. Until December 2008, Liberty accounted for these swap arrangements as cash flow hedges with the effective portions of changes in the fair value reflected in other comprehensive earnings in the accompanying condensed consolidated balance sheet. In December 2008, QVC elected interest terms under its credit facilities that do not effectively match the terms of the swap arrangements. As a result, these swaps no longer qualify as cash flow hedges under GAAP and the unrecognized losses on the instruments accounted for in accumulated other comprehensive earnings are being amortized over the remaining contract period to interest expense. Accordingly, changes in the fair value of the swaps are now reflected in realized and unrealized gains or losses on financial instruments in the accompanying condensed consolidated statements of operations.

QVC is also party to two interest rate swap arrangements with an aggregate notional amount of \$600 million. These swap arrangements, which expire in October 2010, provide for QVC to make fixed

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

payments at 3.07% and to receive variable payments at 3 month LIBOR. These swap arrangements do not qualify as cash flow hedges under GAAP.

During the third quarter of 2009, QVC entered into seven new forward interest rate swap arrangements with an aggregate notional amount of \$1.75 billion. Such arrangements provide for payments beginning in March 2011 and extending to March 2013. QVC will make fixed payments at rates ranging from 2.98% to 3.67% and receive variable payments at 3 month LIBOR. These swap arrangements do not qualify as cash flow hedges under GAAP.

Other Subsidiary Debt

Other subsidiary debt at June 30, 2010 is comprised of capitalized satellite transponder lease obligations and bank debt of certain subsidiaries.

Fair Value of Debt

Liberty estimates the fair value of its debt based on the quoted market prices for the same or similar issues or on the current rate offered to Liberty for debt of the same remaining maturities. The fair value of Liberty's publicly traded debt securities that are not reported at fair value in the accompanying condensed consolidated balance sheet at June 30, 2010 is as follows (amounts in millions):

Senior notes	\$	379
Senior debentures	\$	729
QVC senior secured notes	\$	1,988

Due to its variable rate nature and the absence of significant change to Liberty's credit quality, Liberty believes that the carrying amount of its subsidiary debt and other parent debt approximated fair value at June 30, 2010.

(11) Stockholders' Equity

As of June 30, 2010, Liberty reserved for issuance upon exercise of outstanding stock options the following:

	<u>Series A</u>	<u>Series B</u>
	<u>amounts in millions</u>	
Liberty Capital common stock	5.9	—
Liberty Interactive common stock	49.6	7.5
Liberty Starz common stock	3.4	0.6

In addition to the Series A and Series B Liberty Capital common stock, the Series A and Series B Liberty Interactive common stock and the Series A and Series B Liberty Starz common stock, there are 2.0 billion, 4.0 billion and 4.0 billion shares of Series C Liberty Capital, Series C Liberty Interactive and Series C Liberty Starz common stock, respectively, authorized for issuance. As of June 30, 2010, no shares of any Series C common stock were issued or outstanding.

As of June 30, 2010, put options with respect to 12.6 million shares of Series A Liberty Interactive common stock with a weighted average put price of \$17.27 remained outstanding. Such put options expire before November 15, 2010.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

The Company accounts for the foregoing put options as financial instrument liabilities due to their settlement provisions. Accordingly, the put options are recorded in financial instrument liabilities at fair value, and changes in the fair value are included in realized and unrealized gains (losses) on financial instruments in the accompanying condensed consolidated statements of operations.

(12) Transactions with Related Parties

As discussed in note 2, Liberty previously held an investment in DIRECTV. During the six months ended June 30, 2009, subsidiaries of Liberty recognized aggregate revenue of \$168 million from DIRECTV for distribution of their programming. In addition, subsidiaries of Liberty made aggregate payments of \$16 million to DIRECTV for carriage and marketing.

(13) Commitments and Contingencies

Film Rights

Starz Entertainment, a wholly-owned subsidiary of Liberty, provides premium video programming distributed by cable operators, direct-to-home satellite providers, telephone companies, other distributors and the Internet throughout the United States. Starz Entertainment has entered into agreements with a number of motion picture producers which obligate Starz Entertainment to pay fees ("Programming Fees") for the rights to exhibit certain films that are released by these producers. The unpaid balance of Programming Fees for films that were available for exhibition by Starz Entertainment at June 30, 2010 is reflected as a liability in the accompanying condensed consolidated balance sheet. The balance due as of June 30, 2010 is payable as follows: \$133 million in 2010 \$6 million in 2011 and \$1 million thereafter.

Starz Entertainment has also contracted to pay Programming Fees for films that have been released theatrically, but are not available for exhibition by Starz Entertainment until some future date. These amounts have not been accrued at June 30, 2010. Starz Entertainment is obligated to pay Programming Fees for all qualifying films that are released theatrically in the United States by studios owned by The Walt Disney Company ("Disney") through 2015 and all qualifying films that are released theatrically in the United States by studios owned by Sony through 2016. Films are generally available to Starz Entertainment for exhibition 10-12 months after their theatrical release. The Programming Fees to be paid by Starz Entertainment are based on the quantity and the domestic theatrical exhibition receipts of qualifying films. As these films have not yet been released in theatres, Starz Entertainment is unable to estimate the amounts to be paid under these output agreements. However, such amounts are expected to be significant.

In addition, Starz Entertainment has agreed to pay Sony Pictures Entertainment ("Sony") a total of \$190 million in four annual installments of \$47.5 million beginning in 2011 for a contract extension. In December 2008, Starz Entertainment entered into a new agreement with Sony requiring \$120 million in three equal annual installments beginning in 2015. Starz Entertainment's estimate of amounts payable for rights to future programming, including the Disney and Sony agreements, is as follows: \$160 million in 2010; \$375 million in 2011; \$94 million in 2012; \$84 million in 2013; \$67 million in 2014 and \$145 million thereafter.

Guarantees

Liberty guarantees Starz Entertainment's obligations under certain of its studio output agreements. At June 30, 2010, Liberty's guarantees for obligations for films released by such date aggregated \$725 million. While the guarantee amount for films not yet released is not determinable, such amount

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

is expected to be significant. As noted above, Starz Entertainment has recognized the liability for a portion of its obligations under the output agreements. As this represents a direct commitment of Starz Entertainment, a consolidated subsidiary of Liberty, Liberty has not recorded a separate indirect liability for its guarantee of these obligations.

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

Employment Contracts

The Atlanta Braves and certain of their players and coaches have entered into long-term employment contracts whereby such individuals' compensation is guaranteed. Amounts due under guaranteed contracts as of June 30, 2010 aggregated \$186 million, which is payable as follows: \$67 million in 2010, \$67 million in 2011 and \$50 million in 2012 and \$2 million thereafter. In addition to the foregoing amounts, certain players and coaches may earn incentive compensation under the terms of their employment contracts.

Operating Leases

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

Litigation

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

(14) Information About Liberty's Operating Segments

Liberty, through its ownership interests in subsidiaries and other companies, is primarily engaged in the video and on-line commerce, media, communications and entertainment industries. Liberty has attributed each of its businesses to one of three groups: the Interactive Group, the Starz Group and the Capital Group. Each of the businesses in the tracking stock groups is separately managed. Liberty identifies its reportable segments as (A) those consolidated subsidiaries that represent 10% or more of its consolidated revenue, pre-tax earnings or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of Liberty's pre-tax earnings. The segment presentation for prior periods has been conformed to the current period segment presentation.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

Liberty evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as revenue, Adjusted OIBDA, gross margin, average sales price per unit, number of units shipped and revenue or sales per customer equivalent. In addition, Liberty reviews nonfinancial measures such as subscriber growth, penetration, website visitors, conversion rates and active customers, as appropriate.

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

For the six months ended June 30, 2010, Liberty has identified the following businesses as its reportable segments:

- QVC—consolidated subsidiary attributed to the Interactive Group that markets and sells a wide variety of consumer products in the United States and several foreign countries, primarily by means of televised shopping programs on the QVC networks and via the Internet through its domestic and international websites.
- Starz Entertainment—consolidated subsidiary attributed to the Starz Group that provides premium programming distributed by cable operators, direct-to-home satellite providers, telephone companies, other distributors and the Internet throughout the United States.
- Starz Media—consolidated subsidiary attributed to the Capital Group that develops, acquires, produces and distributes live-action and animated films and television productions for the theatrical, home video, television and other ancillary markets in the United States and internationally.

Liberty's reportable segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technologies, distribution channels and marketing strategies. The accounting policies of the segments that are also consolidated subsidiaries are the same as those described in the Company's summary of significant policies.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

Performance Measures

	Six months ended June 30,			
	2010		2009	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
Interactive Group				
QVC	\$ 3,515	769	3,267	688
Corporate and other	563	40	500	65
	<u>4,078</u>	<u>809</u>	<u>3,767</u>	<u>753</u>
Starz Group				
Starz Entertainment	613	213	592	213
Corporate and other	5	(7)	4	(5)
	<u>618</u>	<u>206</u>	<u>596</u>	<u>208</u>
Capital Group				
Starz Media	228	(61)	192	22
Corporate and other	138	(41)	132	(50)
	<u>366</u>	<u>(102)</u>	<u>324</u>	<u>(28)</u>
Consolidated Liberty	<u>\$ 5,062</u>	<u>913</u>	<u>4,687</u>	<u>933</u>

	Three months ended June 30,			
	2010		2009	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
Interactive Group				
QVC	\$ 1,758	403	1,679	371
Corporate and other	295	25	257	41
	<u>2,053</u>	<u>428</u>	<u>1,936</u>	<u>412</u>
Starz Group				
Starz Entertainment	308	107	296	105
Corporate and other	3	(4)	3	(1)
	<u>311</u>	<u>103</u>	<u>299</u>	<u>104</u>
Capital Group				
Starz Media	84	(54)	90	17
Corporate and other	116	(5)	109	(13)
	<u>200</u>	<u>(59)</u>	<u>199</u>	<u>4</u>
Consolidated Liberty	<u>\$ 2,564</u>	<u>472</u>	<u>2,434</u>	<u>520</u>

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

Other Information

	June 30, 2010		
	Total assets	Investments in affiliates	Capital expenditures
	amounts in millions		
Interactive Group			
QVC	\$ 14,093	2	107
Corporate and other	2,227	863	16
	<u>16,320</u>	<u>865</u>	<u>123</u>
Starz Group			
Starz Entertainment	1,757	—	1
Corporate and other	740	—	—
	<u>2,497</u>	<u>—</u>	<u>1</u>
Capital Group			
Starz Media	586	—	1
Corporate and other	7,600	152	4
	<u>8,186</u>	<u>152</u>	<u>5</u>
Inter-group eliminations	(156)	—	—
Consolidated Liberty	<u>\$ 26,847</u>	<u>1,017</u>	<u>129</u>

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

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	amounts in millions			
Consolidated segment Adjusted OIBDA	\$ 472	520	913	933
Stock-based compensation	(21)	(35)	(60)	(63)
Depreciation and amortization	(164)	(163)	(326)	(336)
Interest expense	(174)	(143)	(344)	(280)
Share of earnings (losses) of affiliates, net	39	14	48	(91)
Realized and unrealized gains (losses) on financial instruments, net	(81)	266	86	2
Gains on dispositions, net	25	113	388	111
Other, net	2	81	—	92
Earnings from continuing operations before income taxes	<u>\$ 98</u>	<u>653</u>	<u>705</u>	<u>368</u>

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

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, product and marketing strategies; new service offerings; revenue growth and subscriber trends at QVC, Inc. and Starz Entertainment, LLC; the recoverability of our goodwill and other long-lived assets; counterparty performance under our derivative arrangements; our projected sources and uses of cash; the estimated value of our derivative instruments; and the anticipated non-material impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- customer demand for our products and services and our ability to adapt to changes in demand;
- competitor responses to our products and services, and the products and services of the entities in which we have interests;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- uncertainties associated with product and service development and market acceptance, including the development and provision of programming for new television and telecommunications technologies;
- our future financial performance, including availability, terms and deployment of capital;
- our ability to successfully integrate and recognize anticipated efficiencies and benefits from the businesses we acquire;
- the ability of suppliers and vendors to deliver products, equipment, software and services;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners, vendors and joint venturers;
- general economic and business conditions and industry trends including the current economic downturn;
- consumer spending levels, including the availability and amount of individual consumer debt;
- disruption in the production of theatrical films or television programs due to strikes by unions representing writers, directors or actors;
- continued consolidation of the broadband distribution and movie studio industries;
- changes in distribution and viewing of television programming, including the expanded deployment of personal video recorders, video on demand and IP television and their impact on home shopping networks;
- increased digital TV penetration and the impact on channel positioning of our networks;
- rapid technological changes;

- capital spending for the acquisition and/or development of telecommunications networks and services;
- the regulatory and competitive environment of the industries in which we, and the entities in which we have interests, operate;
- threatened terrorist attacks and ongoing military action in the Middle East and other parts of the world; and
- fluctuations in foreign currency exchange rates and political unrest in international markets.

For additional risk factors, please see Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2009. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto and our Annual Report on Form 10-K for the year ended December 31, 2009.

Overview

We own controlling and non-controlling interests in a broad range of video and on-line commerce, media, communications and entertainment companies. Our more significant operating subsidiaries, which are also our principal reportable segments, are QVC, Inc. and Starz Entertainment, LLC. QVC markets and sells a wide variety of consumer products in the United States and several foreign countries, primarily by means of televised shopping programs on the QVC networks and via the Internet through its domestic and international websites. Starz Entertainment provides premium programming distributed by cable operators, direct-to-home satellite providers, telephone companies, other distributors and the Internet throughout the United States.

Our "Corporate and Other" category includes our other consolidated subsidiaries and corporate expenses. Our other consolidated subsidiaries include Provide Commerce, Inc., Backcountry.com, Inc., Bodybuilding.com, LLC, BuySeasons, Inc., Starz Media, LLC, Atlanta National League Baseball Club, Inc. and TruePosition, Inc. Provide operates an e-commerce marketplace of websites for perishable goods, including flowers and fruits and desserts, as well as upscale personalized gifts. Backcountry operates websites offering outdoor and backcountry sports gear and clothing. Bodybuilding manages websites related to sports nutrition, body building and fitness. BuySeasons operates websites that offer costumes, accessories, décor and party supplies. Starz Media develops, acquires, produces and distributes live-action and animated films and television productions for the theatrical, home video, television and other ancillary markets in the United States and internationally. ANLBC owns the Atlanta Braves, a major league baseball club, as well as certain of the Atlanta Braves' minor league clubs. TruePosition provides equipment and technology that deliver location-based services to wireless users.

In addition to the foregoing businesses, we hold ownership interests in Expedia, Inc. and SIRIUS XM, which we account for as equity method investments; and we continue to maintain investments and related financial instruments in public companies such as Time Warner, Time Warner Cable, IAC, Sprint Nextel Corporation and Live Nation, which are accounted for at their respective fair market values and are included in corporate and other.

Tracking Stocks

Tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. Liberty has three tracking stocks—Liberty Interactive common stock, Liberty Starz common stock and Liberty Capital common stock, which are intended to track and reflect the economic performance of the Interactive Group, Starz Group and Capital Group, respectively. While the Interactive Group, the Starz Group and the Capital Group have separate collections of businesses, assets and liabilities attributed to them, no group is a separate legal entity and therefore cannot own assets, issue securities or enter into legally binding agreements. Holders of tracking stocks have no direct claim to the group's stock or assets and are not represented by separate boards of directors. Instead, holders of tracking stock are stockholders of the parent corporation, with a single board of directors and subject to all of the risks and liabilities of the parent corporation.

On November 19, 2009, Liberty completed its previously announced split-off (the "DTV Split-Off") of its wholly owned subsidiary, Liberty Entertainment, Inc. ("LEI"), and the business combination transaction among Liberty, LEI and The DIRECTV Group, Inc. ("DIRECTV") (the "DTV Business Combination"). The DTV Split-Off was accomplished by a redemption (the "Redemption") of 90% of the outstanding shares of Liberty Entertainment common stock in exchange for all of the outstanding shares of common stock of LEI, pursuant to which, 0.9 of each outstanding share of Liberty Entertainment common stock was redeemed for 0.9 of a share of the corresponding series of common stock of LEI, with payment of cash in lieu of any fractional shares. All of the businesses, assets and liabilities that were attributed to the Entertainment Group and were not held by LEI have remained with our company and continue to be attributed to the Entertainment Group, which we have redesignated as the Starz Group. The businesses that were held by LEI are accounted for as discontinued operations for the periods prior to the DTV Split-off.

On February 25, 2010, Liberty announced that its board of directors had resolved to effect the following changes in attribution between the Capital Group and the Interactive Group, effective immediately (the "Reattribution"):

- the change in attribution from the Interactive Group to the Capital Group of Liberty's 14.6% ownership interest in Live Nation Entertainment, Inc.;
- the change in attribution from the Capital Group to the Interactive Group of the following debt securities:
 - \$469 million in principal amount of 4% Exchangeable Senior Debentures due 2029 (the "2029 Exchangeables");
 - \$460 million in principal amount of 3.75% Exchangeable Senior Debentures due 2030 (the "2030 Exchangeables"); and
 - \$492 million in principal amount of 3.5% Exchangeable Senior Debentures due 2031 (the "2031 Exchangeables", and together with the 2029 Exchangeables and the 2030 Exchangeables, the "Exchangeable Notes");
- the change in attribution from the Capital Group to the Interactive Group of approximately \$830 million in net taxable income to be recognized ratably in tax years 2014 through 2018 as a result of the cancellation in April 2009 of \$400 million in principal amount of 2029 Exchangeables and \$350 million in principal amount of 2030 Exchangeables; and
- the change in attribution from the Capital Group to the Interactive Group of \$807 million in cash.

Liberty reflected the Reattribution prospectively in the unaudited attributed financial information. This change in attribution had no effect on the assets and liabilities attributed to the Starz Group.

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

The term "Interactive Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that we have attributed to it. The assets and businesses we have attributed to the Interactive Group are those engaged in video and on-line commerce, and include our subsidiaries QVC, Provide, Backcountry, Bodybuilding, BuySeasons and CommerceHub and our interests in Expedia, HSN, Interval, Lending Tree and IAC. In addition, we have attributed \$3,127 million principal amount (as of June 30, 2010) of our public debt to the Interactive Group. The Interactive Group will also include such other businesses that our board of directors may in the future determine to attribute to the Interactive Group, including such other businesses as we may acquire for the Interactive Group.

Similarly, the term "Starz Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that we have attributed to it. The Starz Group consists primarily of our subsidiary Starz Entertainment and \$583 million of corporate cash (as of June 30, 2010).

The term "Capital Group" also does not represent a separate legal entity, rather it represents all of our businesses, assets and liabilities that we have attributed to it. The Capital Group has attributed to it all of our businesses, assets and liabilities not attributed to the Interactive Group or the Starz Group, including our subsidiaries Starz Media, ANLBC, TruePosition and minority equity investments in SIRIUS XM, Live Nation, Time Warner Inc. and Sprint Nextel Corporation. In addition, as of June 30, 2010, we have attributed \$2,060 million of cash, including subsidiary cash, and \$1,888 million principal amount of our exchangeable senior debentures and other parent debt to the Capital Group. The Capital Group will also include such other businesses that our board of directors may in the future determine to attribute to the Capital Group, including such other businesses as we may acquire for the Capital Group.

During the second quarter of 2010, Liberty announced that its board of directors has authorized its management to proceed with a plan to separate its Liberty Capital and Liberty Starz tracking stock groups from its Liberty Interactive tracking stock group.

The proposed split-off will be effected by the redemption of all the outstanding shares of Liberty Capital tracking stock and Liberty Starz tracking stock in exchange for shares in a newly formed company ("Splitco"). Splitco will hold substantially all the assets and be subject to substantially all the liabilities currently attributed to the Liberty Capital and Liberty Starz tracking stock groups. The common stock of Splitco will be divided into two tracking stock groups, one tracking assets that are currently attributed to the Liberty Capital group ("Splitco Capital") and the other tracking assets that are currently attributed to the Liberty Starz group ("Splitco Starz"). In the redemption, holders of Liberty Capital tracking stock will receive shares of Splitco Capital tracking stock and holders of Liberty Starz tracking stock will receive shares of Splitco Starz tracking stock. After the redemption, Splitco and Liberty will be separate public companies.

The proposed split-off is intended to be tax-free to stockholders of Liberty and its completion will be subject to various conditions including the receipt of IRS private letter rulings, the opinions of tax counsel and required governmental approvals. The redemption that is necessary to effect the proposed split-off will require the affirmative vote of a majority of the voting power of the outstanding shares of Liberty Capital tracking stock and Liberty Starz tracking stock at a meeting called to consider the redemption, each voting as a separate class.

On August 6, 2010, Liberty announced that it had filed suit in the Delaware Court of Chancery against the trustee under the indenture governing the public indebtedness issued by the Company's subsidiary, Liberty Media, LLC. The lawsuit was filed in response to allegations made by a law firm purporting to represent a holder with a large position in this public indebtedness. The lawsuit seeks a declaratory judgment by the court that the proposed split-off will not constitute a disposition of "all or

substantially all" of the assets of Liberty Media, LLC, as those terms are used in the indenture, as well as related injunctive relief. Resolution of the subject matter of this lawsuit is a condition to Liberty completing the proposed split-off. Subject to the satisfaction of the conditions described above, Liberty intends to complete the proposed split-off in late 2010 or early 2011.

Results of Operations—Consolidated

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

Consolidated Operating Results

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	amounts in millions			
Revenue				
Interactive Group				
QVC	\$ 1,758	1,679	3,515	3,267
Corporate and other	295	257	563	500
	<u>2,053</u>	<u>1,936</u>	<u>4,078</u>	<u>3,767</u>
Starz Group				
Starz Entertainment	308	296	613	592
Corporate and other	3	3	5	4
	<u>311</u>	<u>299</u>	<u>618</u>	<u>596</u>
Capital Group				
Starz Media	84	90	228	192
Corporate and other	116	109	138	132
	<u>200</u>	<u>199</u>	<u>366</u>	<u>324</u>
Consolidated Liberty	\$ <u>2,564</u>	<u>2,434</u>	<u>5,062</u>	<u>4,687</u>
Adjusted OIBDA				
Interactive Group				
QVC	\$ 403	371	769	688
Corporate and other	25	41	40	65
	<u>428</u>	<u>412</u>	<u>809</u>	<u>753</u>
Starz Group				
Starz Entertainment	107	105	213	213
Corporate and other	(4)	(1)	(7)	(5)
	<u>103</u>	<u>104</u>	<u>206</u>	<u>208</u>
Capital Group				
Starz Media	(54)	17	(61)	22
Corporate and other	(5)	(13)	(41)	(50)
	<u>(59)</u>	<u>4</u>	<u>(102)</u>	<u>(28)</u>
Consolidated Liberty	\$ <u>472</u>	<u>520</u>	<u>913</u>	<u>933</u>
Operating Income (Loss)				
Interactive Group				
QVC	\$ 270	241	502	418
Corporate and other	4	25	(10)	32
	<u>274</u>	<u>266</u>	<u>492</u>	<u>450</u>
Starz Group				
Starz Entertainment	102	92	201	187
Corporate and other	(6)	(17)	(13)	(31)
	<u>96</u>	<u>75</u>	<u>188</u>	<u>156</u>
Capital Group				
Starz Media	(55)	15	(64)	17
Corporate and other	(28)	(34)	(89)	(89)
	<u>(83)</u>	<u>(19)</u>	<u>(153)</u>	<u>(72)</u>
Consolidated Liberty	\$ <u>287</u>	<u>322</u>	<u>527</u>	<u>534</u>

Revenue. Our consolidated revenue increased 5.3% and 8.0% for the three and six month periods ended June 30, 2010, respectively, as compared to the corresponding prior year periods. The six month increase is due primarily to increases for QVC (\$248 million) with additional increases from our e-commerce businesses (\$63 million), Starz Media (\$36 million) and Starz Entertainment (\$21 million). See Management's Discussion and Analysis for each of our tracking stock groups below for a more complete discussion of the results of operations of certain of our subsidiaries.

Adjusted OIBDA. We define Adjusted OIBDA as revenue less cost of sales, operating expenses and selling, general and administrative ("SG&A") expenses (excluding stock compensation). Our chief

operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our businesses and make decisions about allocating resources among our businesses. We believe this is an important indicator of the operational strength and performance of our businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes such costs as depreciation and amortization, stock-based compensation, separately reported litigation settlements and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. See note 14 to the accompanying condensed consolidated financial statements for a reconciliation of Adjusted OIBDA to Earnings (loss) from continuing operations before income taxes.

Consolidated Adjusted OIBDA decreased \$48 million or 9.2% and \$20 million or 2.1% for the three and six months ended June 30, 2010, respectively, as compared to the corresponding prior year periods. The three and six month decreases are primarily due to decreases at Starz Media (\$71 million and \$83 million, respectively) and the e-commerce businesses (\$16 million and \$25 million, respectively) offset by increases at QVC (\$32 million and \$81 million, respectively). See Management's Discussion and Analysis for each of our tracking stock groups below for a more complete discussion of the results of operations of certain of our subsidiaries.

Stock-based compensation. Stock-based compensation includes compensation related to (1) options and stock appreciation rights ("SARs") for shares of our common stock that are granted to certain of our officers and employees, (2) phantom stock appreciation rights ("PSARs") granted to officers and employees of certain of our subsidiaries pursuant to private equity plans and (3) amortization of restricted stock grants.

We recorded \$60 million and \$63 million of stock compensation expense for the six months ended June 30, 2010 and 2009, respectively. The decrease in stock compensation expense in 2010 relates to our liability classified awards due to a decrease in our stock prices partially offset by increased amortization of outstanding option awards. As of June 30, 2010, the total unrecognized compensation cost related to unvested Liberty equity awards was approximately \$223 million. Such amount will be recognized in our consolidated statements of operations over a weighted average period of approximately 3 years.

Operating income. Our consolidated operating income decreased \$35 million and \$7 million for the three and six months ended June 30, 2010 as compared to the corresponding prior year periods. The decrease is primarily the net result of the increased losses for Starz Media (\$70 million and \$81 million, respectively) and the e-commerce businesses (\$23 million and \$32 million, respectively) with offsetting operating income growth from QVC (\$29 million and \$84 million, respectively), Starz Entertainment (\$10 million and \$14 million, respectively) and Corporate and other in the Starz group (\$11 million and \$18 million, respectively), due to decreases in stock compensation. See Management's Discussion and Analysis for each of our tracking stock groups below for a more complete discussion of the results of operations of certain of our subsidiaries.

Other Income and Expense

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

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	amounts in millions			
Interest expense				
Interactive Group	\$ (163)	(110)	(310)	(206)
Starz Group	(1)	—	(1)	(1)
Capital Group	(10)	(33)	(33)	(73)
Consolidated Liberty	\$ (174)	(143)	(344)	(280)
Share of earnings (losses) of affiliates				
Interactive Group	\$ 36	12	59	(83)
Starz Group	—	(2)	—	(4)
Capital Group	3	4	(11)	(4)
Consolidated Liberty	\$ 39	14	48	(91)
Realized and unrealized gains (losses) on financial instruments, net				
Interactive Group	\$ 7	25	32	(47)
Starz Group	—	2	(1)	9
Capital Group	(88)	239	55	40
Consolidated Liberty	\$ (81)	266	86	2
Gains (losses) on dispositions, net				
Interactive Group	\$ —	(1)	364	(3)
Starz Group	—	1	—	1
Capital Group	25	113	24	113
Consolidated Liberty	\$ 25	113	388	111
Other, net				
Interactive Group	\$ (21)	41	(43)	33
Starz Group	—	1	—	(6)
Capital Group	23	39	43	65
Consolidated Liberty	\$ 2	81	—	92

Interest expense. Consolidated interest expense increased 21.7% and 22.9% for the three and six months ended June 30, 2010, respectively, as compared to the corresponding prior year period. The overall increases in interest expense related to higher interest rates on variable rate debt and additional borrowings at higher fixed rates due to the longer term nature which were used to pay down lower rate debt that was closer to maturity. These increases were offset slightly by lower interest expense related to borrowings against our derivative positions that were repaid during the year.

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

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	amounts in millions			
Interactive Group				
Expedia	\$ 28	10	42	19
Other	8	2	17	(102)
Capital Group				
Sirius	8	4	—	4
Other	(5)	—	(11)	(8)
Starz Group				
Other	—	(2)	—	(4)
	<u>\$ 39</u>	<u>14</u>	<u>48</u>	<u>(91)</u>

The share of losses attributed to the Interactive Group in 2009 include \$44 million for Ticketmaster and \$47 million for HSN. As we record our share of losses for these affiliates on a three month lag, the losses reflected in our six months ended June 30, 2009 results include our share of goodwill impairment charges recorded by Ticketmaster and HSN in the fourth quarter of 2008 that were in excess of other than temporary impairment charges that we recorded in the fourth quarter of 2008 related to those investments. No impairments were necessary in 2010.

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

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	amounts in millions			
Non-strategic Securities(1)	\$ (179)	635	30	645
Exchangeable senior debentures(1)	86	(98)	16	(333)
Equity collars(1)	(4)	(75)	(2)	(145)
Borrowed shares(1)	64	(176)	61	(171)
Other derivatives	(48)	(20)	(19)	6
	<u>\$ (81)</u>	<u>266</u>	<u>86</u>	<u>2</u>

(1) Changes in fair value are due primarily to changes in the market prices of the underlying marketable securities.

Gains on dispositions. Gains on dispositions in 2010 include a \$178 million gain related to the Ticketmaster and Live Nation merger, a gain related to the sale of our GSI Commerce, Inc. shares of \$132 million and a gain of \$53 million related to the disposition of IAC shares.

Income taxes. Our effective tax rate for the six months ended June 30, 2010 is 37.6% which is only slightly greater than the U.S. federal income tax rate of 35% due to the net impact of state taxes offset slightly by gains on put options sold on Liberty Interactive stock excluded from taxable income.

Net earnings. We had net earnings of \$440 million and \$359 million for the six months ended June 30, 2010 and 2009, respectively, and were the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Material Changes in Financial Condition

While the Interactive Group, the Starz Group and the Capital Group are not separate legal entities and the assets and liabilities attributed to each group remain assets and liabilities of our consolidated company, we manage the liquidity and financial resources of each group separately. Keeping in mind that assets of one group may be used to satisfy liabilities of one of the other groups, the following discussion assumes, consistent with management expectations, that future liquidity needs of each group will be funded by the financial resources attributed to each respective group.

As of June 30, 2010 substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, other government securities or government guaranteed funds, AAA rated money market funds and A1/P1 rated commercial paper.

The following are potential sources of liquidity for each group to the extent the identified asset or transaction has been attributed to such group: available cash balances, cash generated by the operating activities of our privately-owned subsidiaries (to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted), proceeds from asset sales, monetization of our public investment portfolio, debt and equity issuances, and dividend and interest receipts.

Standard & Poor's Ratings Services and Moody's Investors Services each lowered their rating on our corporate credit in previous periods. These rating services put our corporate ratings on credit watch with developing implications and possible downgrade, respectively, following the Company's proposed split-off announcement in June of 2010. In the event we need to obtain external debt financing at the corporate level, such possible downgrades could negatively impact our ability to obtain financing at the corporate level and could increase the cost of any financing we are able to obtain.

Interactive Group. During the six months ended June 30, 2010, the Interactive Group's primary uses of cash were \$1,763 million of debt repayments, the repayment of \$316 million in intergroup notes and \$123 million of capital expenditures. These uses of cash were funded primarily with \$1,000 million from the issuance of QVC bonds, \$200 million of cash provided by operating activities, which is net of \$190 million of intercompany tax payments to the Capital Group, \$807 million of cash reattributed from the Capital Group and \$459 million of cash proceeds from the disposition of certain investments. As of June 30, 2010, the Interactive Group had a cash balance of \$1,100 million.

The projected uses of Interactive Group cash for the remainder of 2010 include approximately \$250 million for interest payments on QVC and parent debt attributed to the Interactive Group, \$146 million for capital expenditures, additional tax payments to the Capital Group and potential payments to settle outstanding put options on Liberty Interactive Group common stock. In addition, we may make repurchases of Liberty Interactive common stock and additional investments in existing or new businesses and attribute such investments to the Interactive Group. One of our subsidiaries, attributed to the Interactive Group, acquired an on-line personalized gift company, for approximately \$35 million, in July of 2010. We do not have any other commitments to make new investments at this time.

Effective August 2, 2010, upon the expiration of the existing contract, QVC entered into a new agreement with GE Money Bank, who provides revolving credit directly to QVC customers solely for the purchase of merchandise from QVC. Under the new agreement QVC and GE Money Bank share the net revenue of the credit card program according to percentages that vary with the performance of the portfolio and 3 month LIBOR and are settled monthly. Net revenue includes finance charges and late fees, less write-offs of uncollectible accounts and other expenses. The new agreement, which will expire in August 2015, is substantially different than the expired agreement, under which we retained the rights to all of the net credit card revenue and paid a fee to GE Money Bank to service the revolving credit accounts. QVC estimates that operating income (and adjusted OIBDA) would have been negatively impacted by approximately \$20-25 million per year over the previous 3 years based on the terms of the new contract as compared to the expired contract. QVC also recovered its noninterest

bearing deposit maintained as collateral under the old agreement with GE Money Bank in the amount of \$501 million. This deposit had previously been recorded as a component of accounts receivable. QVC's liquidity and capital resources have been significantly strengthened due to this increase in cash. As a result, QVC expects that the overall net economics of the new agreement will not have a material negative impact to its cash flows as compared to the prior agreement based on the potential uses for the cash on hand. For example, although there is no requirement to do so, QVC could reduce its interest expense if it were to use the additional cash resources to retire a portion of its existing indebtedness.

We expect that the Interactive Group will fund its 2010 cash needs with cash on hand and cash provided by operating activities. In addition, at June 30, 2010, unused capacity under the QVC Amended Credit Agreements aggregated \$423 million.

QVC was in compliance with its debt covenants as of June 30, 2010.

Starz Group. During the six months ended June 30, 2010, the Starz Group's primary uses of cash were the repurchases of Liberty Starz common stock for \$40 million and stock based compensation payments of \$29 million. The uses of cash were funded by a repayment of the outstanding intergroup loan of \$158 million by the Interactive Group and cash from operations. As of June 30, 2010, the Starz Group had a cash balance of \$946 million.

The projected uses of Starz Group cash in 2010 include an estimated payment for the settlement of stock appreciation rights exercised by the founder and former CEO of Starz with respect to which we have accrued a liability of \$116 million and tax payments to the Capital Group. In addition, we may make additional repurchases of Liberty Starz common stock and additional investments in existing or new businesses and attribute such investments to the Starz Group. However, we do not have any significant commitments to make new investments at this time. We expect that we will be able to use a combination of cash on hand and cash from operations to fund Starz Group cash needs in 2010.

Capital Group. During the six months ended June 30, 2010, the Capital Group's primary uses of cash were \$807 million cash reattributed to the Interactive Group and the repayment of \$973 million in outstanding debt, primarily the derivative loans, \$286 million in Liberty Capital tracking stock repurchases and \$257 million of additional investments in cost to equity investees. The uses of cash were funded by cash on hand, cash proceeds of \$750 million from the settlement of derivatives and the repayment of the outstanding intergroup loan of \$158 million by the Interactive Group.

The projected uses of Capital Group cash for the remainder of 2010 include approximately \$20 million for interest payments. We may also make additional repurchases of Liberty Capital common stock and additional investments in existing or new businesses and attribute such investments to the Capital Group.

We expect that the Capital Group's investing and financing activities will be funded with a combination of cash on hand, net tax payments from the Interactive Group and the Starz Group and dispositions of non-strategic assets. At June 30, 2010, the Capital Group's sources of liquidity include \$2,060 million in cash and \$2,097 million of non-strategic AFS securities. To the extent the Capital Group recognizes any taxable gains from the sale of assets or the expiration of derivative instruments, we may incur current tax expense and be required to make tax payments, thereby reducing any cash proceeds attributable to the Capital Group.

See note 13 to the accompanying condensed consolidated financial statements for further discussion of our commitments and contingencies.

Results of Operations—Tracking Stock Groups

Interactive Group

The Interactive Group consists of our subsidiaries QVC, Provide, Backcountry, Bodybuilding, BuySeasons and CommerceHub our interests in IAC, Expedia, HSN, Interval, Lending Tree and \$3,127 million principal amount (as of June 30, 2010) of our publicly-traded debt.

The following discussion and analysis provides information concerning the results of operations of the Interactive Group. This discussion should be read in conjunction with (1) our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q and (2) the Unaudited Attributed Financial Information for Tracking Stock Groups filed as Exhibit 99.1 to this Quarterly Report on Form 10-Q.

Results of Operations

	Three months ended		Six months ended	
	June 30,		June 30,	
	2010	2009	2010	2009
amounts in millions				
Revenue				
QVC	\$ 1,758	1,679	3,515	3,267
E-commerce businesses	295	257	563	500
Corporate and other	—	—	—	—
	<u>\$ 2,053</u>	<u>1,936</u>	<u>4,078</u>	<u>3,767</u>
Adjusted OIBDA				
QVC	\$ 403	371	769	688
E-commerce businesses	28	44	46	71
Corporate and other	(3)	(3)	(6)	(6)
	<u>\$ 428</u>	<u>412</u>	<u>809</u>	<u>753</u>
Operating Income (Loss)				
QVC	\$ 270	241	502	418
E-commerce businesses	8	31	12	44
Corporate and other	(4)	(6)	(22)	(12)
	<u>\$ 274</u>	<u>266</u>	<u>492</u>	<u>450</u>

Operating Results by Business

QVC. QVC is a retailer of a wide range of consumer products, which are marketed and sold primarily by merchandise-focused televised shopping programs and via the Internet. In the United States, QVC's live programming is aired through its nationally televised shopping network 24 hours a day ("QVC-US"). Internationally, QVC's program services are based in the United Kingdom ("QVC-UK"), Germany ("QVC-Germany") and Japan ("QVC-Japan"). QVC-UK broadcasts 24 hours a day with 17 hours of live programming and QVC-Germany and QVC-Japan each broadcast live 24 hours a day. Additionally, QVC expects to launch its programming in Italy in the fourth quarter of 2010.

QVC's operating results are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	amounts in millions			
Net revenue	\$ 1,758	1,679	3,515	3,267
Cost of sales	(1,105)	(1,061)	(2,230)	(2,092)
Gross profit	653	618	1,285	1,175
Operating expenses	(166)	(160)	(331)	(318)
SG&A expenses (excluding stock-based compensation)	(84)	(87)	(185)	(169)
Adjusted OIBDA	403	371	769	688
Stock-based compensation	(4)	(3)	(9)	(7)
Depreciation and amortization	(129)	(127)	(258)	(263)
Operating income	\$ 270	241	502	418

Net revenue is generated in the following geographical areas:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	amounts in millions			
QVC-US	\$ 1,193	1,152	2,349	2,200
QVC-UK	135	129	262	246
QVC-Germany	196	196	436	419
QVC-Japan	234	202	468	402
	\$ 1,758	1,679	3,515	3,267

Net Revenue. QVC's consolidated net revenue increased 4.7% and 7.6% during the three and six months ended June 30, 2010, respectively, as compared to the corresponding prior year period. The three month increase in net revenue is comprised of \$80 million due to a 3.9% increase in units shipped, \$28 million due to a 2% increase in the average sales price per unit ("ASP") and \$11 million due to an increase in shipping and handling revenue. These increases were partially offset by a decrease of \$35 million due to an increase in estimated product returns and a decrease of \$5 million due to unfavorable foreign currency rates. Returns as a percent of gross product revenue increased to 19.1% from 18.4%. The six month increase in revenue is comprised of \$246 million due to a 6.2% increase in units shipped, \$41 million due to an increase in shipping and handling revenue, \$25 million due to favorable foreign currency rates and \$3 million due to a 1% increase in ASP. These increases were partially offset by \$67 million due to an increase in estimated product returns. Returns as a percent of gross product revenue increased to 19.2% from 18.7%.

During the three and six months ended June 30, 2010 and 2009, the changes in revenue and expenses were impacted by changes in the exchange rates for the UK pound sterling, the euro and the Japanese yen. In the event the U.S. dollar strengthens against these foreign currencies in the future,

QVC's revenue and operating cash flow will be negatively impacted. The percentage increase in revenue for each of QVC's geographic areas in U.S. dollars and in local currency is as follows:

	Percentage increase in net revenue			
	Three months ended June 30, 2010		Six months ended June 30, 2010	
	U.S. dollars	Local currency	U.S. dollars	Local currency
QVC-US	3.6%	3.6%	6.8%	6.8%
QVC-UK	4.7%	8.1%	6.5%	4.1%
QVC-Germany	—%	6.9%	4.1%	4.0%
QVC-Japan	15.8%	9.8%	16.4%	11.5%

For the third consecutive quarter, QVC's net revenue increased in local currency in each geographical area compared to the corresponding prior year period. QVC-US growth in net revenue for the three and six month period ended June 30, 2010 is due primarily to an increase in gross shipped sales as well as higher shipping and handling revenue, partially offset by an increase in return rates. Shipped sales increased due to growth in sales in the home, accessories and apparel product areas offset by a lower jewelry sales. Shipping and handling revenue increased due to increased customer usage of prepaid return labels as well as less promotional offers. For the three and six months ended June 30, 2010, UK showed increased sales in the beauty and apparel product areas partially offset with decreased jewelry and electronics sales. QVC-Germany's sales increase in local currency for the three and six months ended June 30, 2010 is due primarily to increases in the beauty, accessories and electronics areas with a decline experienced in the jewelry product area. For both periods, QVC-Japan has shown sales growth in each product category partially offset with softness in the jewelry product area.

The QVC service is already received by substantially all of the cable television and direct broadcast satellite homes in the U.S., the UK and Germany. In addition, in Japan, analog customers are expected to be converted to a digital environment in July 2011. It is likely that such conversion will have a negative impact on the overall number of subscribers viewing the program. QVC is currently evaluating the possible impact on QVC-Japan's results as well as opportunities to acquire subscribers via other distribution channels that will aid in mitigating the impact of the conversion. QVC's future sales growth will primarily depend on expansions into new countries, sales growth from our e-commerce platforms, additions of new customers from homes already receiving the QVC service and growth in sales to existing customers. QVC's future sales may also be affected by (i) the willingness of cable and satellite distributors to continue carrying QVC's programming service, (ii) QVC's ability to maintain favorable channel positioning, which may become more difficult as distributors convert analog customers to digital, (iii) changes in television viewing habits because of personal video recorders, video-on-demand and IP television and (iv) general economic conditions.

Gross profit. QVC's gross profit percentage increased from 36.8% to 37.1% and from 36.0% to 36.6% during the three and six months ended June 30, 2010, respectively, as compared to the corresponding prior year period. These increases are due primarily to lower inventory obsolescence provisions. For the six months ended June 30, the increase is also due to higher initial product margins in the apparel and to a lesser extent, the jewelry product areas.

Operating expenses. QVC's operating expenses are principally comprised of commissions, order processing and customer service expenses, credit card processing fees, telecommunications expense and production costs. Operating expenses increased 3.8% and 4.1% for the three and six months ended June 30, 2010, as compared to the corresponding prior year period. The increase in 2010 operating expenses is due primarily to increased commissions and credit card fee expenses. As a percent of net revenue, operating expenses were 9.4% and 9.5% for the three months ended June 30, 2010 and 2009, respectively and 9.4% and 9.7% for the six months ended June 30, 2010 and 2009, respectively. The 2010 decrease in operating expenses as a percent of net revenue is due primarily to lower customer service expenses due to staff efficiencies as well as an increase in online and automated touch phone ordering.

SG&A expenses. QVC's SG&A expenses include personnel, information technology, provision for doubtful accounts, credit card income and marketing and advertising expenses. Such expenses decreased 3.4% and increased 9.5% for the three and six months ended June 30, 2010, respectively, as compared to the corresponding prior year period. Included in QVC's SG&A results are \$3 million and \$6 million of costs for the three and six months ended June 30, 2010, respectively, related to the expected launch of the QVC-Italy service. This is an increase over the prior year of \$3 million for the three months ended June 30, 2010 and \$5 million for the six months ended June 30, 2010. QVC expects that QVC-Italy will incur an Adjusted OIBDA loss in 2010 of \$30-40 million. Excluding the impact of Italy, the decrease in the three months ended June 30, 2010 is due primarily to a \$9 million increase in credit card income, a \$5 million decrease in personnel expenses and a \$3 million decrease in franchise tax expense. The decrease in personnel expenses primarily relate to management bonus compensation and benefits expense. These decreases are partially offset by a \$7 million increase in bad debt expense and a \$3 million increase in software expense and outside services. QVC continues to experience an increase in write-offs and reserves related to its installment receivables and private label credit card. Such increases in bad debt are due to an increase in customer use of the installment payment plan offered by QVC and to the more recent recessionary economic conditions. Excluding the impact of Italy, the increase in the six months ended June 30, 2010 is due primarily to a \$15 million increase in bad debt expense, a \$6 million increase in personnel expenses primarily related to increased management bonus compensation and a \$3 million increase in marketing expenses primarily related to internet marketing initiatives. These increases were partially offset by a \$15 million increase in credit card income.

As discussed in the Material Changes in Financial Condition section, QVC entered into a new agreement with GE Money Bank, who provides revolving credit directly to QVC customers solely for the purchase of merchandise from QVC. QVC estimates that the terms of the new agreement will negatively impact Adjusted OIBDA but believes the overall cash flow impact will not be material.

Depreciation and amortization. Depreciation and amortization consist of the following:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Purchase accounting:				
Affiliate agreements	38	38	76	75
Customer relationships	43	44	86	91
	81	82	162	166
Property, plant and equipment	31	28	63	60
Software amortization	12	10	24	24
Channel placement amortization	5	7	9	13
Total depreciation and amortization	129	127	258	263

E-commerce businesses. Our e-commerce businesses are comprised primarily of Provide, Backcountry, Bodybuilding and BuySeasons. Revenue for the e-commerce businesses is seasonal due to certain holidays, which drive a significant portion of the e-commerce businesses' revenue. The third quarter is generally lower, as compared to the other three quarters, due to fewer holidays. Revenue increased \$38 million or 14.8% and \$63 million or 12.6% for the three and six months ended June 30, 2010, respectively, as compared to the corresponding prior year periods. Overall revenue growth was partially offset by lower commission revenue earned when customers sign-up for third-party on-line discount services. In the first quarter of 2010, a decision was made to change the way these promotions are offered which reduced the revenue earned in the three and six months by \$11 million and \$18 million, respectively. These changes are expected to continue adversely impacting commission revenue throughout 2010. For the year ended December 31, 2009, the revenue earned associated with

these commissions was approximately \$32 million. Revenue earned from the commissions yielded significantly higher margins than product sales, and therefore, the reduction in this revenue more negatively impacted Adjusted OIBDA on a percentage basis. Additionally, during the period increased marketing spend helped grow revenue and new customer names but impacted the margin percentage negatively. Adjusted OIBDA for the e-commerce businesses decreased 35.2% for the six month period in 2010 and represented 8.2% of revenue in 2010, as compared to 14.2% in 2009. Additionally, for the three and six months ended June 30, 2010, approximately \$4 million and \$9 million, respectively, of adjusted OIBDA losses were incurred associated with two start-up operations. These negative impacts offset the growth in product related Adjusted OIBDA that was achieved by our other e-commerce businesses.

Starz Group

The Starz Group is primarily comprised of our subsidiary Starz Entertainment and \$583 million of corporate cash.

The following discussion and analysis provides information concerning the attributed results of operations of the Starz Group. This discussion should be read in conjunction with (1) our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q and (2) the Unaudited Attributed Financial Information for Tracking Stock Groups filed as Exhibit 99.1 to this Quarterly Report on Form 10-Q.

Results of Operations

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
amounts in millions				
Revenue				
Starz Entertainment	\$ 308	296	613	592
Corporate and other	3	3	5	4
	<u>\$ 311</u>	<u>299</u>	<u>618</u>	<u>596</u>
Adjusted OIBDA				
Starz Entertainment	\$ 107	105	213	213
Corporate and other	(4)	(1)	(7)	(5)
	<u>\$ 103</u>	<u>104</u>	<u>206</u>	<u>208</u>
Operating Income (Loss)				
Starz Entertainment	\$ 102	92	201	187
Corporate and other	(6)	(17)	(13)	(31)
	<u>\$ 96</u>	<u>75</u>	<u>188</u>	<u>156</u>

Revenue. The Starz Group's revenue increased \$12 million or 4.0% and \$22 million or 3.7% for the three and six months ended June 30, 2010, respectively, as compared to the corresponding prior year periods.

Adjusted OIBDA. The Starz Group's Adjusted OIBDA remained relatively flat with a slight decrease of \$1 million or 1.0% and \$2 million or 1.0% for the three and six months ended June 30, 2010, respectively, as compared to the corresponding prior year periods.

Operating income. Operating income for the Starz Group increased \$21 million or 28.0% and \$32 million or 20.5% for the three and six months ended June 30, 2010, respectively, as compared to

the corresponding prior year periods. The reduced operating loss for the six months ended June 30, 2010 is primarily due to a decrease in stock compensation.

Starz Entertainment. Starz Entertainment provides premium programming distributed by cable operators, direct-to-home satellite providers, telephone companies, other distributors and the Internet throughout the United States. Substantially all of Starz Entertainment's revenue is derived from the delivery of movies and original programming to subscribers under affiliation agreements with television video programming distributors. Some of Starz Entertainment's affiliation agreements provide for payments to Starz Entertainment based on the number of subscribers that receive Starz Entertainment's services ("consignment agreements"). Starz Entertainment also has fixed-rate affiliation agreements with certain of its customers. Pursuant to these agreements, the customers pay an agreed-upon rate regardless of the number of subscribers. The agreed-upon rate may be increased annually to the extent the contract provides for an increase. The affiliation agreements expire in 2010 through 2017. During the six months ended June 30, 2010, 55.7% of Starz Entertainment's revenue was generated by its three largest customers, Comcast, DIRECTV and Dish Network, each of which individually generated more than 10% of Starz Entertainment's revenue for such period.

Starz Entertainment's operating results are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	amounts in millions			
Revenue	\$ 308	296	613	592
Operating expenses	(169)	(157)	(332)	(318)
SG&A expenses	(32)	(34)	(68)	(61)
Adjusted OIBDA	107	105	213	213
Stock-based compensation	(1)	(8)	(4)	(17)
Depreciation and amortization	(4)	(5)	(8)	(9)
Operating income	\$ 102	92	201	187

Starz Entertainment's revenue increased 4.1% and 3.5% for the three and six months ended June 30, 2010, respectively, as compared to the corresponding prior year period. The six month increase is comprised of \$6 million due to a higher effective rate for Starz Entertainment's services and \$15 million due to growth in the number of subscriptions under consignment deals. The Starz movie service and Encore and the Encore thematic multiplex channels ("EMP") movie service are the primary drivers of Starz Entertainment's revenue. Starz average subscriptions decreased 3.4% and 3.8% and EMP average subscriptions decreased 1.0% and 1.8% for the three and six months ended June 30, 2010, respectively. Such average decreases are the net result of increases in subscriptions under consignment agreements and decreases in subscriptions under fixed-rate agreements which do not impact revenue. Approximately 33% of Starz Entertainment's revenue in 2010 was earned under its fixed-rate affiliation agreements.

Starz Entertainment's operating expenses increased \$12 million or 7.6% and \$14 million or 4.4% for the three and six months ended June 30, 2010 as compared to the corresponding prior year periods. Operating expenses for the three and six months ended June 30, 2010 increased due primarily to increased amortization and impairments on two original programs (*Party Down* and *Gravity*) which were cancelled during the quarter.

Starz Entertainment's SG&A expenses were relatively flat for the three months ended June 30, 2010 and increased \$7 million or 11.5% for the six months ended June 30, 2010 as compared to the corresponding prior year period. The six month increase is due primarily to the promotion of a Starz original production *Spartacus* in the first quarter of 2010.

Starz Entertainment has outstanding phantom stock appreciation rights (PSARs) held by its founder and former chief executive officer which were exercised in the fourth quarter of 2009. No additional compensation was recorded in the current period related to those rights. The determination of the final amount owed for the PSARs will be made by independent third parties and the process for making that determination has been initiated.

Capital Group

The Capital Group is comprised of our subsidiaries, assets and liabilities not attributed to the Interactive Group or the Starz Group, including controlling interests in Starz Media, ANLBC and TruePosition as well as minority investments in Sirius, Time Warner Inc., Time Warner Cable Inc., Sprint, Live Nation and other public and private companies. In addition, we have attributed \$2,060 million of cash, including subsidiary cash, and \$1,888 million principal amount (as of June 30, 2010) of our exchangeable senior debentures and other parent debt to the Capital Group.

The following discussion and analysis provides information concerning the attributed results of operations of the Capital Group. This discussion should be read in conjunction with (1) our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q and (2) the Unaudited Attributed Financial Information for Tracking Stock Groups filed as Exhibit 99.1 to this Quarterly Report on Form 10-Q.

Results of Operations

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	amounts in millions			
Revenue				
Starz Media	\$ 84	90	228	192
Corporate and other	116	109	138	132
	<u>\$ 200</u>	<u>199</u>	<u>366</u>	<u>324</u>
Adjusted OIBDA				
Starz Media	\$ (54)	17	(61)	22
Corporate and other	(5)	(13)	(41)	(50)
	<u>\$ (59)</u>	<u>4</u>	<u>(102)</u>	<u>(28)</u>
Operating Income (Loss)				
Starz Media	\$ (55)	15	(64)	17
Corporate and other	(28)	(34)	(89)	(89)
	<u>\$ (83)</u>	<u>(19)</u>	<u>(153)</u>	<u>(72)</u>

Revenue. The Capital Group's combined revenue increased 0.5% for the three months ended June 30, 2010 and increased 13.0% for the six months ended June 30, 2010 as compared to the corresponding prior year periods. The six month increase in revenue is due primarily to a \$19 million increase in theatrical revenue and a \$30 million increase in home video revenue. Theatrical revenue increased due to the wide release (in excess of 1900 screens) of two films, *The Crazies* and *Brooklyn's Finest*, as compared to one theatrical release, *Sunshine Cleaning*, on a limited basis (approximately 600 screens) in the prior year. Home video revenue increased as the result of five films *Law Abiding Citizen*, *The Men Who Stare at Goats*, *Pandorum*, *Capitalism: A Love Story* and *The Crazies* released on DVD in the first quarter of 2010 as compared to only three (*Righteous Kill*, *Henry Poole is Here* and *Last Chance Harvey*) in the same period last year. The revenue from Starz Media decreased for the

three months ended June 30, 2010, due to a \$14 million decrease in television revenue resulting from pay television revenue recorded in the 2009 period related to *Space Chimps*, partially offset by an \$8 million increase in home video revenue related to the DVD releases described above.

During the second quarter of 2010 TruePosition delivered the final specified upgrade in accordance with one of its agreements under which revenue and costs were being deferred. The delivery of this item allows TruePosition to recognize previously deferred revenue and costs (\$641 million and \$202 million, respectively) into operations over the remaining useful life of the equipment delivered. The estimated original life of the equipment was determined to be seven years and the weighted average amortization period, based on the remaining useful life, for revenue and costs is 3.5 years. In addition, any current revenue will be recognized as delivered and no longer deferred.

Included in Capital Group's corporate and other revenue are payments from CNBC related to a revenue sharing agreement between our company and CNBC. The agreement has no termination date, and payments aggregated \$12 million for each of the six month periods ended June 30, 2010 and 2009.

Adjusted OIBDA. The Capital Group's Adjusted OIBDA decreased \$63 million and \$74 million for the three and six months ended June 30, 2010, respectively, as compared to the corresponding prior year periods. Starz Media's Adjusted OIBDA decreased \$83 million for the six months ended June 30, 2010 due in part to the number and timing of films released theatrically and on home video and television by Starz Media and Overture Films and the corresponding fluctuations of theatrical, home video and television revenue and related expenses associated with these films. In addition, Starz Media determined that a number of its titles were impaired due to lower theatrical, home video and television revenue than previously anticipated, and recorded approximately \$42 million of impairments during the second quarter of 2010. Theatrical print costs and advertising expenses related to the release of a film are recognized at the time the advertisements are run and generally exceed the theatrical revenue earned from the film. The wide release of two films in the six months ended June 30, 2010 as compared to one release on a limited basis in the prior year increased these costs by \$32 million. In addition, amortization of film production costs begins when revenue recognition begins. Although there can be no assurance, the expectation when films are approved for production or acquisition is that the ultimate revenue to be earned from theatrical release, home video, premium television and other distribution, which revenue may be earned over several years, will exceed the costs associated with the film.

In July 2010, we announced that the marketing and distribution units of Overture were being transferred to Relativity Media, LLC ("Relativity"), effective July 27, 2010. As part of this arrangement, Relativity will handle the theatrical release of Overture's final three films. We will continue to exploit the films in Overture's library, as well as the three unreleased films, and the net margin earned on these films will be used to service the outstanding debt associated with these films. We are currently evaluating strategic alternatives for the remaining Starz Media businesses. While a final decision has not been made regarding the future of Starz Media, we do not expect it to incur annual operating losses in the future of the same magnitude that it has experienced in recent years given our decision with respect to Overture.

Operating loss. The Capital Group's operating loss increased in 2010 due to the aforementioned timing of films released by Starz Media in the theatrical and home video markets, impairments in the second quarter of 2010 offset slightly by decreased stock compensation as compared to the prior period.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to market risk in the normal course of business due to our ongoing investing and financial activities and the conduct of operations by our subsidiaries in different foreign countries. Market risk refers to the risk of loss arising from adverse changes in stock prices, interest rates and

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

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We have achieved this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when we deem appropriate. As of June 30, 2010, our debt is comprised of the following amounts.

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted avg interest rate	Principal amount	Weighted avg interest rate
	dollar amounts in millions			
Interactive Group	\$ 1,847	4.68%	\$ 4,248	5.95%
Capital Group	\$ 835	0.70%	\$ 1,180	3.13%
Starz Group	\$ —	N/A	\$ 46	5.5%

In addition, QVC has entered into (i) interest rate swaps with an aggregate notional amount of \$2,200 million pursuant to which it pays a fixed rate of 5.0-5.3% and receives variable payments at 3-month LIBOR which expire in March 2011 and (ii) interest rate swaps with an aggregate notional amount of \$600 million pursuant to which it pays a fixed rate of 3.1% and receives variable payments at 3-month LIBOR which expire in October 2010.

The Interactive and Capital groups are exposed to changes in stock prices primarily as a result of our significant holdings in publicly traded securities. We continually monitor changes in stock markets, in general, and changes in the stock prices of our holdings, specifically. We believe that changes in stock prices can be expected to vary as a result of general market conditions, technological changes, specific industry changes and other factors.

At June 30, 2010, the fair value of our AFS equity securities attributed to the Capital Group was \$3,761 million. Had the market price of such securities been 10% lower at June 30, 2010, the aggregate value of such securities would have been \$376 million lower. Such decrease would be partially offset by an increase in the value of our borrowed shares. Our exchangeable senior debentures are also subject to market risk. Because we mark these instruments to fair value each reporting date, increases in the stock price of the respective underlying security generally result in higher liabilities and unrealized losses in our statement of operations.

The Interactive Group is exposed to foreign exchange rate fluctuations related primarily to the monetary assets and liabilities and the financial results of QVC's foreign subsidiaries. Assets and liabilities of foreign subsidiaries for which the functional currency is the local currency are translated into U.S. dollars at period-end exchange rates, and the statements of operations are generally translated at the average exchange rate for the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. dollars that result in unrealized gains or losses are referred to as translation adjustments. Cumulative translation adjustments are recorded in accumulated other comprehensive earnings (loss) as a separate component of stockholders' equity. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and

losses, which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from our operations in foreign countries are translated at the average rate for the period. Accordingly, the Interactive Group may experience economic loss and a negative impact on earnings and equity with respect to our holdings solely as a result of foreign currency exchange rate fluctuations.

Item 4. Controls and Procedures.

In accordance with Exchange Act Rules 13a-15 and 15d-15, the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer, principal accounting officer and principal financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of June 30, 2010 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended June 30, 2010 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

LIBERTY MEDIA CORPORATION

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

None.

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

Share Repurchase Programs

On several occasions our board of directors authorized share repurchase programs for our Series A and Series B Liberty Capital common stock, Series A and Series B Liberty Starz common stock and Series A and Series B Interactive common stock. On each of March 10, 2008 and August 13, 2008 our board authorized \$300 million of share repurchases of Series A Liberty Capital common stock and an additional authorization of \$500 million in share repurchases on May 6, 2010 for a total of \$1,100 million. On November 9, 2009 our board authorized the repurchase of \$500 million Series A and Series B Liberty Starz common stock. On each of May 5, 2006, November 3, 2006 and October 30, 2007 our board authorized the repurchase of \$1 billion of Liberty Interactive Series A and Series B common stock for a total of \$3 billion. Approximately \$740 million may yet be purchased under such Liberty Interactive common stock repurchase programs.

A summary of the repurchase activity for the three months ended June 30, 2010 is as follows:

<u>Period</u>	<u>Series A Liberty Capital Common Stock</u>			(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be purchased Under the Plans or Programs
	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	
April 1-30, 2010	2,044,992	\$ 40.45	2,044,992	\$ 30 million
May 1-31, 2010	2,812,780	\$ 41.59	2,812,780	\$ 413 million
June 1-30, 2010	1,888,200	\$ 43.31	1,888,200	\$ 331 million
Total	<u>6,745,972</u>		<u>6,745,972</u>	

In addition to the shares listed in the table above, 5,207 shares of Series A Liberty Capital common stock, 16,708 shares of Series A Liberty Interactive common stock and 2,610 shares of Series A Liberty Starz common stock were surrendered by certain of our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock during the three months ended June 30, 2010.

Item 6. Exhibits

(a) Exhibits

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

10.1	Executive Employment Agreement, dated December 19, 2009, between Gregory B. Maffei and Liberty Media Corporation*
10.2	Liberty Media Corporation 2010 Incentive Plan*
31.1	Rule 13a-14(a)/15d-14(a) Certification*
31.2	Rule 13a-14(a)/15d-14(a) Certification*
31.3	Rule 13a-14(a)/15d-14(a) Certification*
32	Section 1350 Certification**
99.1	Attributed Financial Information for Tracking Stock Groups*
99.2	Reconciliation of Liberty Media Corporation New Assets and Net Earnings to Liberty Media LLC Net Assets and Net Earnings**
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Calculation Linkbase Document**
101.LAB	XBRL Taxonomy Label Linkbase Document**
101.PRE	XBRL Taxonomy Presentation Linkbase Document**
101.DEF	XBRL Taxonomy Definition Document**

* Filed herewith

** Furnished herewith

SIGNATURES

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

LIBERTY MEDIA CORPORATION

Date: August 9, 2010

By: /s/ GREGORY B. MAFFEI

Gregory B. Maffei
President and Chief Executive Officer

Date: August 9, 2010

By: /s/ DAVID J.A. FLOWERS

David J.A. Flowers
Senior Vice President and Treasurer
(Principal Financial Officer)

Date: August 9, 2010

By: /s/ CHRISTOPHER W. SHEAN

Christopher W. Shean
Senior Vice President and Controller
(Principal Accounting Officer)

EXHIBIT INDEX

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QuickLinks

[LIBERTY MEDIA CORPORATION AND SUBSIDIARIES Condensed Consolidated Balance Sheets \(unaudited\)](#)
[LIBERTY MEDIA CORPORATION AND SUBSIDIARIES Condensed Consolidated Balance Sheets, continued \(unaudited\)](#)
[LIBERTY MEDIA CORPORATION AND SUBSIDIARIES Condensed Consolidated Statements Of Operations \(unaudited\)](#)
[LIBERTY MEDIA CORPORATION AND SUBSIDIARIES Condensed Consolidated Statements Of Operations, continued \(unaudited\)](#)
[LIBERTY MEDIA CORPORATION AND SUBSIDIARIES Condensed Consolidated Statements Of Comprehensive Earnings \(Loss\) \(unaudited\)](#)
[LIBERTY MEDIA CORPORATION AND SUBSIDIARIES Condensed Consolidated Statements Of Cash Flows \(unaudited\)](#)
[LIBERTY MEDIA CORPORATION AND SUBSIDIARIES Notes to Condensed Consolidated Financial Statements](#)

[Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations](#)

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EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (this "*Agreement*"), dated as of December 17, 2009 (the "*Effective Date*"), is made by and between Liberty Media Corporation, a Delaware corporation (the "*Company*"), and Gregory B. Maffei (the "*Executive*").

RECITALS

WHEREAS, the Company has determined that it is in the best interests of the Company and its stockholders to employ the Executive as its President and Chief Executive Officer; and

WHEREAS, the Company wishes to assure itself of the services of the Executive for the period hereinafter provided, and the Executive is willing to be employed by the Company for said period, upon the terms and conditions provided in this Agreement;

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

1. *Definitions.*

(a) "**Affiliate**" means any Person Controlling, Controlled by or under common Control with the Company; and "**Control**" (including the correlative terms "**Controlling**" and "**Controlled**") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

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

(c) "**Cause**" means: (i) the Executive's willful failure to follow the lawful instructions of the Board (other than due to Disability); (ii) the commission by the Executive of any fraud, misappropriation or misconduct that causes demonstrable material injury to the Company or any Affiliate; (iii) the Executive's conviction of, or plea of guilty or nolo contendere to, a felony; or (iv) Executive's failure to comply in any material respect with this Agreement or any other agreement between the Executive, on the one hand, and the Company or any Affiliate, on the other, if such failure results in demonstrable material injury to the Company or any Affiliate. Notwithstanding anything contained herein to the contrary, the Executive's employment may not be terminated for Cause pursuant to clause (i), (ii) or (iv) above unless (a) the decision is made by a majority of the Board at a Board meeting where the Executive and his counsel had an opportunity to be heard on at least ten days' prior written notice; (b) the Company provides the Executive with written notice of the Board's decision to terminate the Executive's employment for Cause specifying the particular act(s) or failure(s) to act serving as the basis for such decision; and (c) if such act or failure to act is capable of being cured, the Executive fails to cure any such act or failure to act to the reasonable satisfaction of the Board within ten days after such notice.

For purposes of this Agreement, no act or failure to act, on the part of the Executive, will be considered **willful** unless it is done, or omitted to be done, by the Executive in bad faith and without reasonable belief that the Executive's action or omission was legal, proper, and in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company will be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

(d) "**Change in Control**" means (i) any merger, consolidation or share exchange to which the Company is a party as a result of which Persons who are common stockholders of the Company immediately prior thereto have less than a majority of the combined voting power of the outstanding capital stock of the surviving corporation ordinarily (and apart from the rights accruing under special

circumstances) having the right to vote in the election of directors immediately following such merger, consolidation or share exchange, (ii) the adoption of any plan or proposal for the liquidation or dissolution of the Company, (iii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of (1) the Company or (2) the Company's Subsidiaries, taken as a whole, (iv) at any time during any period of two consecutive years beginning on or after the Effective Date, individuals who at the beginning of such period were members of the Board ("**Original Directors**") and new directors, if any, whose election or nomination for election to the Board was recommended or approved by a majority of the Original Directors and the new directors whose nomination had previously been so approved, cease for any reason to constitute a majority of the then incumbent members of the Board, (v) any transaction (or series of related transactions) in which any person (as such term is defined in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), corporation or other entity (other than the Company, any of its Subsidiaries, any employee benefit plan sponsored by the Company or any of its Subsidiaries, any Exempt Person (as defined in the Company's 2007 Incentive Plan, as in effect as of the date hereof) or any member of the Malone Group (as defined in Section 4(h)) shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the then outstanding securities of the Company ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors (calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company's securities) or (vi) a spin-off, split-off, split-up or other similar event or events (each, a "Spin Transaction"), either in a single transaction or in a series of related or unrelated transactions (provided that such related or unrelated transactions occur during a period of 24 consecutive months), pursuant to which assets of the Company or of one or more of its Subsidiaries having either a fair market value (as determined in the good faith reasonable judgment of the Board) or book value equal to 40% or more of the total fair market value or book value of the assets of the Company and its Subsidiaries (taken as a whole) are directly or indirectly transferred or distributed by dividend or otherwise, excluding any Spin Transaction in which (A) the Executive is appointed as the chief executive officer of the separate publicly-traded entity that is the subject of such Spin Transaction, whether or not he elects to accept such appointment, and (B) any equity-based awards previously granted by the Company to the Executive are adjusted in a manner that (1) preserves the intrinsic value of such option or similar right (or, in the case of the grant of a new option or similar right, preserves the intrinsic value of the option or similar right in respect of which such new option or similar right is granted) and (2) complies with, or is exempt from, Section 409A of the Code. For the purpose of calculating whether the 40% threshold described in clause (vi) of the preceding sentence has been reached or exceeded in a series of two or more transactions, the following calculation will apply:

$$X = \frac{40 - P}{100 - P}$$

where

- X = percentage of book or fair market value, as applicable, required to reach the 40% threshold as of the date of the second or any subsequent transaction; and
- P = percentage of book or fair market value, as applicable, disposed of in all prior spin-off, split-off, split-up or other similar events to which clause (vi) applies, determined as of the date of each such transaction.

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

(f) "**Common Stock**" means each or any (as the context may require) series of the Company's common stock.

(g) "**Disabled**" or "**Disability**" means the Executive's inability to substantially perform his duties due to physical or mental impairment for six consecutive months and, within 30 days after a notice of termination is given to the Executive, the Executive has not returned to work. Notwithstanding the foregoing, the Executive will not be considered Disabled unless the Executive is also "disabled," as such term is defined under Section 409A(a)(2)(C) of the Code.

(h) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time, or any successor statute or statutes thereto.

(i) "**Good Reason**" means the occurrence of any of the following events:

(i) the failure of the Company to appoint the Executive to, or to permit him to remain in, the positions set forth in Section 3, if that failure is not cured within 10 days after written notice;

(ii) the assignment to the Executive of duties materially inconsistent with his status as the chief executive officer of a publicly-traded company or any material diminution in the Executive's duties and/or responsibilities, reporting obligations, titles or authority, as set forth in Section 3, if that inconsistency or diminution is not cured within 10 days after written notice;

(iii) a reduction by the Company of the Executive's Base Salary or Target Bonus (it being acknowledged that the Company will have no obligation to actually award any bonus);

(iv) the Company's failure to provide any payments or employee benefits required to be provided to the Executive and continuation of that failure for 10 days after written notice;

(v) any purported termination of the Executive's employment for Cause which is not substantially effected pursuant to the procedures described in Section 1(c);

(vi) a Change in Control; provided that the Executive may exercise his right to terminate his employment for Good Reason pursuant to this Section 1(i)(vi) only during the 30-day period that commences 90 days after the occurrence of such Change in Control;

(vii) any material breach of the Agreement or any other agreement between the Executive, on the one hand, and the Company or any Affiliate, on the other, by the Company or any Affiliate, if not cured within 10 days after written notice; and/or

(viii) a failure of the Company to have any successor to the Company assume in writing the Company's obligations under the Agreement, if not cured within 10 days after written notice.

Notwithstanding the foregoing, Good Reason will not be deemed to exist unless the Executive gives the Company notice within 120 days after the occurrence of the event which the Executive believes constitutes the basis for Good Reason, specifying the particular act or failure to act which the Executive believes constitutes the basis for Good Reason.

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

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

(l) "**Subsidiary**" means, with respect to any Person, any other Person Controlled by that Person.

2. **Employment Period.** The Company will employ the Executive and the Executive accepts such employment for the period beginning January 1, 2010 (the "**Commencement Date**") and, unless earlier terminated upon the Executive's Separation, ending December 31, 2014 (the "**Employment Period**").

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

(a) **Title and Reporting.** During the Employment Period, the Executive will be employed as the Company's President and Chief Executive Officer, and he will report solely and directly to the Board. All other employees of the Company and its Affiliates (other than the Chairman of the Board, if the Chairman of the Board is an employee of the Company) will report to the Executive or his designees.

(b) **Board Position.** The Executive will continue to serve as a member of the Board following the Effective Date and, so long as there is an Executive Committee of the Board, will be entitled to serve on such committee for so long as the Executive serves on the Board. Throughout the Employment Period, the Company will nominate and recommend to the stockholders of the Company that the Executive be elected to the Board at each of the Company's annual meetings during the Employment Period.

(c) **Duties.** In his capacity as President and Chief Executive Officer, the Executive will perform such duties during the Employment Period as are consistent with his title and position as President and Chief Executive Officer of a publicly-traded company, it being acknowledged that the duties performed by the Executive, and the level of management authority and responsibility that the Executive had, as of the Effective Date are consistent with his title and position. No other employee of the Company will have authority or responsibilities that are equal to or greater than those of the Executive (other than the Chairman of the Board, if the Chairman of the Board is an employee of the Company). Notwithstanding the foregoing, the Executive will not be required to perform any duties or responsibilities which would be likely to result in non-compliance with, or a violation of, any applicable law or regulation.

(d) **Time and Effort.** The Executive will devote his efforts and abilities, and substantially all his business time, to the performance of his duties to the Company; provided that he will, to the extent the same does not substantially interfere with the performance of his duties hereunder, be permitted to: (i) serve on corporate and civic boards and committees; (ii) deliver lectures, fulfill speaking engagements or teach at educational institutions; and (iii) manage personal and family investments. It is expressly understood and agreed that the continued conduct by the Executive of such activities, as listed on Appendix A, will not be deemed to interfere with the performance of the Executive's responsibilities hereunder.

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

(a) **Salary.** During the Employment Period, the Company will pay the Executive an initial base salary of \$1,500,000 per annum (the "**Base Salary**"). The Base Salary will be increased annually on each anniversary of the Commencement Date, to 105% of the Base Salary paid to the Executive in the prior calendar year. The term "**Base Salary**" as used in this Agreement will refer to the Base Salary as it may be so increased.

(b) **Bonus.** Each calendar year during the Employment Period, the Executive will be eligible to receive a target bonus of 200% of the Executive's Base Salary for such year (the "**Target Bonus**"). The bonus, if any, payable with respect to services performed in any calendar year will be paid prior to March 1st of the year following the year to which such service relates. The Executive acknowledges that payment of any bonus to the Executive may be made subject to the achievement of one or more Performance Objectives (as defined in the Company's 2007 Incentive Plan, as in effect as of the date hereof) established in good faith by the Board or a committee thereof.

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

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

(e) **Perquisites.** During the Employment Period, the Company will provide the Executive with those perquisites and other personal benefits provided by the Company from time to time to its other senior executive officers during the Employment Period. In addition, during the Employment Period, the Executive will be entitled to use of aircraft owned or leased by the Company on the terms and conditions (except as otherwise provided in Section 5(b) and Section 5(c)) set forth in the letter agreement dated February 22, 2008, between the Company and the Executive.

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

(g) **Code Section 409A Timing of Reimbursements.** All reimbursements under this Agreement, including without limitation Section 4(f), will be made as soon as practicable following submission of a reimbursement request, but no later than the end of the year following the year during which the underlying expense was incurred (or as may be later provided in Section 9(g)). Additionally, reimbursements or in-kind benefits made or provided to the Executive during any taxable year will not affect the expenses eligible for reimbursement or in-kind benefits provided in any other taxable year and no such reimbursements or in-kind benefits will be subject to liquidation or exchange for another benefit.

(h) **Equity Grants.** On December 17, 2009, the Company granted to the Executive options to acquire: (a) 760,000 shares of Series A Liberty Starz common stock, (b) 8,743,000 shares of Series A Liberty Interactive common stock and (c) 1,353,000 shares of Series A Liberty Capital common stock (collectively, the "**Original Options**"). The exercise price of the Original Options applicable to each series of Common Stock equaled the closing sale price of that series, as reported by NASDAQ, on the date of such grant. Except as otherwise provided in this Section or in Section 5, subject to the Executive's continued employment with the Company or any of its Affiliates, 50% of the Original Options of each series will vest on the fourth anniversary of the date of grant of such Original Option and the remaining 50% of the Original Options of each series will vest on the fifth anniversary of the date of grant of such Original Option. Upon the occurrence of a Change in Control, any unvested portion of the Original Options and any other unvested restricted stock, unvested options and other unvested equity or equity derivatives issued or granted to the Executive by (a) the Company or (b) any of the Company's Affiliates in full or partial replacement of, as an adjustment to, or otherwise with respect to, any restricted stock, options or other equity or equity derivatives issued or granted to the Executive by the Company) (collectively with the Original Options, the "**Equity Awards**") will immediately vest in full and, with respect to any Equity Award that is an option or similar equity derivative ("**Option Award**") such Option Award will be exercisable throughout the remainder of the full original term of the Option Award (determined without reference to any provision in such Option Award that reduces the exercisability of such Option Award upon the Executive's termination of employment with the Company or any of its Affiliates but otherwise in accordance with the terms and conditions applicable to such Option Award). Notwithstanding the foregoing, any Equity Award issued or granted to the Executive after the date of this Agreement by any Affiliate of the Company that is the subject of a Spin Transaction for which the Executive is appointed to serve as Chief Executive Officer after such Spin Transaction will not so vest and be exercisable, and any such Equity Award will be subject to provisions governing the vesting and exercise of such Equity Award upon termination of the Executive's employment by such Affiliate or upon a change in control of such Affiliate that are at least as favorable to the Executive in all material respects as those included in this Agreement, with such changes as may be appropriate to reflect the fact of his employment by such Affiliate. Notwithstanding the foregoing, in the event that any such Equity Award is subject to (and otherwise

not exempt from) Section 409A of the Code, then such Equity Award will only vest in full if (X) such Change in Control would also be an event described in Section 409A(a)(2)(A)(v) of the Code or (Y) such vesting would not otherwise subject the Executive to any tax, interest or penalty imposed under Section 409A of the Code (or any regulation promulgated thereunder). For the avoidance of doubt, the parties hereto acknowledge that all Equity Awards held by the Executive as of the date hereof have been granted by the Company and not by any of its Affiliates.

5. **Termination of Employment.**

(a) **Termination Due to Death.** In the event of the Executive's death, the Executive's estate or his legal representative, as the case may be, will receive: (i) a lump sum payment equal to any Base Salary earned but unpaid as of the date of Separation; (ii) a lump sum payment of any unpaid expense reimbursement and any amounts required by law to be paid to the Executive; (iii) a lump sum payment of any accrued but unpaid bonus for the prior year; and (iv) a lump sum payment of \$7,800,000. All such payments will be made on the date that is the 45th day after the date of the Executive's Separation, unless that day is not a day on which banking institutions in Denver, Colorado are open for business (a "**business day**"), in which case such payments will be made on the immediately succeeding business day. Upon such Separation and notwithstanding any provision to the contrary contained herein, in any equity plan, grant agreement or any other document relating to an Equity Award, any Equity Award granted or issued to the Executive by the Company or any of its Affiliates will vest in full and any Option Award will be exercisable throughout the remainder of the full original term of the Option Award (determined without reference to any provision in such Option Award that reduces the exercisability of such Option Award upon the Executive's termination of employment with the Company or any of its Affiliates but otherwise in accordance with the terms and conditions applicable to such Option Award).

(b) **Termination Due to the Executive's Disability.** Upon 30 days' prior written notice to the Executive, the Company may terminate the Executive's employment due to Disability. In such event, the Executive or his legal representative, as the case may be, will receive: (i) a lump sum payment equal to any Base Salary earned but unpaid as of the date of Separation; (ii) a lump sum payment of any unpaid expense reimbursement and other amounts required by law to be paid to the Executive; (iii) a lump sum payment of any accrued but unpaid bonus for the prior year; and (iv) a lump sum payment of \$7,800,000. All such payments will be made on the 45th day after the Separation date or, if that day is not a business day, on the next succeeding business day. In addition, for a period of 18 months following such Separation, the Executive will be entitled to: (x) continued use of the Company's aircraft (consistent with the terms of Executive's use of such aircraft during the Employment Period), (y) information technology support from the Company, as reasonably requested by the Executive and (z) continuation of such other perquisites as the Executive was entitled to receive under Section 4(c) immediately prior to such Separation. Upon such Separation and notwithstanding any provision to the contrary contained herein, in any equity plan, grant agreement or any other document relating to an Equity Award, any Equity Award granted or issued to the Executive by the Company or any of its Affiliates will vest in full and any Option Award will be exercisable throughout the remainder of the full original term of the Option Award (determined without reference to any provision in such Option Award that reduces the exercisability of such Option Award upon the Executive's termination of employment with the Company or any of its Affiliates but otherwise in accordance with the terms and conditions applicable to such Option Award).

(c) **Termination by the Company Without Cause or by the Executive for Good Reason** Upon 30 days' prior written notice to the Executive, the Company may terminate the Executive's employment without Cause. Upon 30 days' prior written notice to the Company, the Executive may terminate his employment with the Company for Good Reason. In either such event the Executive will receive: (i) a lump sum payment equal to any Base Salary earned but unpaid as of the date of Separation; (ii) a lump sum payment of any unpaid expense reimbursements and any amounts required by law to be paid

to the Executive; and (iii) a lump sum payment of any accrued but unpaid bonus for the prior year. All such payments will be made on the 45th day after the Separation date or, if that day is not a business day, on the next succeeding business day. In addition, for a period of 18 months following such Separation, the Executive will be entitled to: (x) continued use of the Company's aircraft (consistent with the terms of Executive's use of such aircraft during the Employment Period), (y) information technology support from the Company, as reasonably requested by the Executive and (z) continuation of such other perquisites as the Executive was entitled to receive under Section 4(e) immediately prior to such Separation. Additionally, the Executive will receive a severance payment equal to \$7,800,000 (the "**Separation Amount**", which will be paid as follows: (X) an amount equal to 1.5 times the Executive's then current Base Salary ("**Salary Continuation Amount**") will be paid in equal monthly installments over the 18 month period commencing on the first payroll period following such termination and (Y) an amount equal to the Separation Amount less the Salary Continuation Amount will be paid to the Executive in a lump sum on the date prescribed by the fourth sentence of this Section. Upon such Separation and notwithstanding any provision to the contrary herein or in any equity plan, grant agreement or other document relating to an Equity Award, all of the Original Options and any other outstanding, unvested Equity Award granted or issued to the Executive by the Company or any of its Affiliates (other than any Equity Award granted or issued to the Executive after the date of this Agreement by any such Affiliate for which the Executive continues to serve as Chief Executive Officer after termination of his employment with the Company) will vest in a percentage equal to a fraction the numerator of which is the number of days the Executive was employed by the Company or its Affiliates during the vesting period associated with such Equity Award to and including the date of the Executive's Separation plus 548, and the denominator of which is the entire vesting term of such Equity Award (in days). Notwithstanding the foregoing, if (i) the members of the Malone Group (as defined below) cease to beneficially own (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, securities of the Company representing at least 20% of the combined voting power of the then outstanding securities of the Company ordinarily (and apart from rights accruing under special circumstances) having the right to vote in the election of directors (such percentage to be calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company's securities) and (ii) within the period beginning 90 days before and ending 210 days after the date the condition prescribed in the foregoing clause (i) is satisfied (the "**Malone Termination Period**"), there shall occur a Separation by the Company without Cause or a Separation by the Executive for Good Reason, then all of the Original Options and any other outstanding, unvested Equity Award granted or issued to the Executive by the Company or any of its Affiliates (other than any Equity Award granted or issued to the Executive after the date of this Agreement by any such Affiliate for which the Executive continues to serve as Chief Executive Officer after termination of his employment with the Company) will vest in full. The "Malone Group" means John C. Malone, his spouse, his children and other lineal descendants or any trust, foundation or other Person established by a member of the Malone Group for the benefit of one or more members of the Malone Group or for a charitable purpose. Any vested Option Awards, including without limitation any Option Award that vested pursuant to the two immediately preceding sentences or the immediately following sentence, will remain exercisable throughout the remainder of the full original term of the Option Award (determined without reference to any provision in such Option Award that reduces the exercisability of such Option Award upon an individual's termination of employment with the Company or any of its Affiliates). Any Equity Awards granted or issued to the Executive after the date of this Agreement by any Affiliate of the Company which do not become vested and, if applicable, exercisable, pursuant to this Section 5(c) by reason of the Executive's appointment as Chief Executive Officer of such Affiliate shall become vested and, if applicable, exercisable upon his termination of employment for Good Reason or without Cause from such Affiliate in a percentage equal to (i) in the case of such a termination during the Malone Termination Period, 100% or (ii) in the case of such a termination not during the Malone Termination Period, a fraction, the numerator of which is the number of days the Executive was employed by the Company and its Affiliates during the vesting period associated with

such Equity Award to and including the date of such termination plus 548, and the denominator of which is the entire vesting term of such Equity Award (in days) (provided that the "Malone Termination Period" will be defined (for the purposes of this sentence) by substituting for "the Company" the Affiliate of the Company for which the Executive is appointed to serve as Chief Executive Officer and "Cause" and "Good Reason" shall be interpreted and applied in a manner that reflects the Executive's employment by such Affiliate, rather than by the Company).

(d) **Termination For Cause.** Subject to the provisions of Section 1(c), the Company may terminate the Executive's employment for Cause. In such event, the Executive will receive: (i) a lump sum payment equal to any Base Salary earned but unpaid as of the date of Separation; and (ii) a lump sum payment of any unpaid expense reimbursements and any amounts required by law to be paid to the Executive. All such payments will be made on the 45th day after the Separation date or, if that day is not a business day, on the next succeeding business day. Additionally, upon such Separation all unvested Equity Awards will be forfeited and all vested, unexercised Equity Awards that are options or similar rights will cease to be exercisable 90 days after the Separation date (but in no event after the stated term of such option or similar right has expired).

(e) **Termination Without Good Reason.** Upon 30 days' prior written notice to the Company, the Executive will have the right to terminate his employment without Good Reason or any reason at all. In such event, the Executive will receive: (i) a lump sum payment equal to any Base Salary earned but unpaid as of the date of Separation; (ii) a lump sum payment of any accrued but unpaid bonus for the prior year; and (iii) a lump sum payment of any unpaid expense reimbursements and any amounts required by law to be paid to the Executive. All such payments will be made on the 45th day after the Separation date or, if that day is not a business day, on the next succeeding business day. Additionally, upon such Separation all unvested Equity Awards will be forfeited and all vested, unexercised Equity Awards that are options or similar rights will cease to be exercisable 90 days after the Separation date (but in no event after the stated term of such option or similar right has expired).

(f) **Specified Employee.** Notwithstanding any other provision of this Agreement, if (i) the Executive is to receive payments or benefits under Section 5 by reason of his separation from service (as such term is defined in Section 409A of the Code) other than as a result of his death, (ii) the Executive is a "specified employee" within the meaning of Section 409A of the Code for the period in which the payment or benefits would otherwise commence, and (iii) such payment or benefit would otherwise subject the Executive to any tax, interest or penalty imposed under Section 409A of the Code (or any regulation promulgated thereunder) if the payment or benefit were to commence within six months after a termination of the Executive's employment, then such payment or benefit required under Section 5 will instead be paid as provided in this Section 5(f). Each severance payment contemplated under this Section 5 will be treated as a separate payment in a series of separate payments under Treasury Regulation Section 1.409A-2(b)(2)(iii). Such payments or benefits which would have otherwise been required to be made over such six month period will be paid, without interest, to the Executive in one lump sum payment or otherwise provided to the Executive on the first business day that is six months and one day after the termination of the Executive's employment. Thereafter, the payments and benefits will continue, if applicable, for the relevant period set forth above. For purposes of this Agreement, all references to "Separation," "termination of employment" and other similar language will be deemed to refer to the Executive's "separation from service" as defined in Treasury Regulation Section 1.409A-1(h), including, without limitation, the default presumptions thereof.

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

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

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

7. **Successors and Assigns.** This Agreement will bind and inure to the benefit of and be enforceable by the Executive, the Company, the Executive's and the Company's respective successors and assigns and the Executive's estate, heirs and legal representatives (as applicable). The Company will require any successor to all or substantially all of its business and/or assets, whether direct or indirect, by purchase, merger, consolidation, acquisition of stock, or, by an agreement in form and substance reasonably satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent as the Company would be required to perform if no such succession had taken place.

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

To the Company:	Liberty Media Corporation 12300 Liberty Boulevard Englewood, CO 80112 Attention: Chairman of the Board
With a copy to the Company's counsel at:	Liberty Media Corporation 12300 Liberty Boulevard Englewood, CO 80112 Attention: Legal Department
To the Executive:	at the address listed in the Company's personnel records
With a copy to the Executive's counsel at:	Dechert LLP 1095 Avenue of the Americas New York, NY 10036-6797 Attention: Stephen W. Skonieczny, Esq. Telephone: (212) 698-3524 Facsimile: (212) 314-0024

9. **General Provisions.**

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

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

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

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

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

(f) **Legal Fees and Other Expenses.** The Company will pay or reimburse the Executive for all legal fees and expenses incurred by the Executive in connection with the review, preparation and negotiation of this Agreement, any option agreement, restricted stock award, Equity Award and/or any other agreements or plans referenced herein and any documents related thereto. Any such reimbursement will be made as soon as practicable following submission of a reimbursement request, but no later than the later of (i) the end of the year following the year during which the underlying expense was incurred or (ii) the end of the year following the year in which the Executive's right to such reimbursement arises.

(g) **Compliance with Section 409A.** To the extent that the provisions of Section 409A of the Code or any Treasury regulations promulgated thereunder are applicable to any amounts payable hereunder, the parties intend that this Agreement will meet the requirements of such Code section and regulations and that the provisions hereof will be interpreted in a manner that is consistent with such intent. If, however, the Executive is liable for the payment of any tax, penalty or interest pursuant to Section 409A of the Code, or any successor or like provision (the "**409A Tax**"), with respect to any payments or property transfers received or to be received under this Agreement or otherwise, the Company will pay the Executive an amount (the "**Special Reimbursement**") which, after payment to the Executive (or on the Executive's behalf) of any federal, state and local taxes, including, without limitation, any further tax, penalty or interest under Section 409A of the Code, with respect to or resulting from the Special Reimbursement, equals the net amount of the 409A Tax. Any payment due to the Executive under this Section will be made to the Executive, or on behalf of the Executive, as soon as practicable after the determination of the amount of such payment, but no sooner than the date on which the Company is required to withhold such amount or the Executive is required to pay such amount to the Internal Revenue Service. Notwithstanding the foregoing, all payments under this Section will be made to the Executive, or on the Executive's behalf, no later than the end of the year following the year in which the Executive or the Company paid the related taxes, interest or penalties. The Executive will cooperate with the Company in taking such actions as the Company may reasonably request to assure that this Agreement will meet the requirements of Section 409A of the Code and any regulations promulgated thereunder and to limit the amount of any additional payments required by this Section 9(g) to be made to the Executive.

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

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

(j) **Survival.** This Agreement will survive a Separation or the expiration of the Employment Period and will remain in full force and effect after such Separation.

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

The arbitration will be administered by JAMS in accordance with the Employment Arbitration Rules & Procedures of JAMS then in effect and subject to JAMS Policy on Employment Arbitration Minimum Standards, except as otherwise provided in this Agreement. Arbitration will be commenced and heard in the Denver, Colorado metropolitan area. Only one arbitrator will preside over the proceedings, who will be selected by agreement of the parties from a list of five or more qualified arbitrators provided by the arbitration tribunal, or if the parties are unable to agree on an arbitrator within 10 business days following receipt of such list, the arbitration tribunal will select the arbitrator. The arbitrator will apply the substantive law (and the law of remedies, if applicable) of Colorado or federal law, or both, as applicable to the claim(s) asserted. In any arbitration, the burden of proof will be allocated as provided by applicable law. The arbitrator will have the authority to award any and all legal and equitable relief authorized by the law applicable to the claim(s) being asserted in the arbitration, as if the claim(s) were brought in a federal court of law. Either party may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award. Discovery, such as depositions or document requests, will be available to the Company and the Executive as though the dispute were pending in U.S. federal court. The arbitrator will have the ability to rule on pre-hearing motions as though the matter were in a U.S. federal court, including the ability to rule on a motion for summary judgment.

If permitted by applicable law, the fees of the arbitrator and any other fees for the administration of the arbitration that would not normally be incurred if the action were brought in a court of law (*e.g.*, filing fees or room rental fees) will be shared equally by the parties. If the foregoing is not permitted by applicable law, the fees of the arbitrator and any other fees for the administration of the arbitration that would not normally be incurred if the action were brought in a court of law will be paid by the Company, provided that the Executive will be required to pay the amount of filing fees equal to that which the Executive would be required to pay to file an action in a Colorado state court. Each party will pay its own attorneys' fees and other costs incurred in connection with the arbitration, unless the relief authorized by law allows otherwise and the arbitrator determines that such fees and costs will be paid in a different manner. The arbitrator must provide a written decision that is subject to limited judicial review consistent with applicable law. If any part of this arbitration provision is deemed to be unenforceable by an arbitrator or a court of law, that part may be severed or reformed so as to make the balance of this arbitration provision enforceable.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

LIBERTY MEDIA CORPORATION

By: _____

Name: Charles Y. Tanabe
Title: Executive Vice President
Executed: May 17, 2010

EXECUTIVE:

Gregory B. Maffei
Executed: May 17, 2010

Appendix A
Current Permitted Activities

Chairman and stockholder, 360networks Corporation
Director, Electronic Arts
Owner, Lockerz, LLC

QuickLinks

[Exhibit 10.1](#)

[EXECUTIVE EMPLOYMENT AGREEMENT](#)

[RECITALS](#)

[Appendix A Current Permitted Activities](#)

**LIBERTY MEDIA CORPORATION
2010 INCENTIVE PLAN**

ARTICLE I

PURPOSE OF PLAN; EFFECTIVE DATE

1.1 *Purpose.* The purpose of the Plan is to promote the success of the Company by providing a method whereby (i) eligible employees of the Company and its Subsidiaries and (ii) independent contractors providing services to the Company and its Subsidiaries may be awarded additional remuneration for services rendered and may be encouraged to invest in capital stock of the Company, thereby increasing their proprietary interest in the Company's businesses, encouraging them to remain in the employ or service of the Company or its Subsidiaries, and increasing their personal interest in the continued success and progress of the Company and its Subsidiaries. The Plan is also intended to aid in (i) attracting Persons of exceptional ability to become officers and employees of the Company and its Subsidiaries and (ii) inducing independent contractors to agree to provide services to the Company and its Subsidiaries.

1.2 *Effective Date.* The Plan shall be effective as of February 23, 2010 (the "Effective Date"); *provided, however,* that the Plan is subject to the receipt of the approval of the stockholders of the Company, and any grants of Awards made prior to the date on which such requisite approval is obtained shall be subject to and contingent upon the receipt of such approval.

ARTICLE II

DEFINITIONS

2.1 *Certain Defined Terms.* Capitalized terms not defined elsewhere in the Plan shall have the following meanings (whether used in the singular or plural):

"Account" has the meaning ascribed thereto in Section 8.2.

"Affiliate" of the Company means any corporation, partnership or other business association that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Company.

"Agreement" means a stock option agreement, stock appreciation rights agreement, restricted shares agreement, restricted stock units agreement, cash award agreement or an agreement evidencing more than one type of Award, specified in Section 10.5, as any such Agreement may be supplemented or amended from time to time.

"Approved Transaction" means any transaction in which the Board (or, if approval of the Board is not required as a matter of law, the stockholders of the Company) shall approve (i) any consolidation or merger of the Company, or binding share exchange, pursuant to which shares of Common Stock of the Company would be changed or converted into or exchanged for cash, securities, or other property, other than any such transaction in which the common stockholders of the Company immediately prior to such transaction have the same proportionate ownership of the Common Stock of, and voting power with respect to, the surviving corporation immediately after such transaction, (ii) any merger, consolidation or binding share exchange to which the Company is a party as a result of which the Persons who are common stockholders of the Company immediately prior thereto have less than a majority of the combined voting power of the outstanding capital stock of the Company ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors immediately following such merger, consolidation or binding share exchange, (iii) the adoption of any plan or proposal for the liquidation or dissolution of the Company, or (iv) any sale, lease, exchange or other

transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company.

"Award" means a grant of Options, SARs, Restricted Shares, Restricted Stock Units, Performance Awards, Cash Awards and/or cash amounts under the Plan.

"Board" means the Board of Directors of the Company.

"Board Change" means, during any period of two consecutive years, individuals who at the beginning of such period constituted the entire Board cease for any reason to constitute a majority thereof unless the election, or the nomination for election, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

"Cash Award" means an Award made pursuant to Section 9.1 of the Plan to a Holder that is paid solely on account of the attainment of one or more Performance Objectives that have been preestablished by the Committee.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute or statutes thereto. Reference to any specific Code section shall include any successor section.

"Committee" means the committee of the Board appointed pursuant to Section 3.1 to administer the Plan.

"Common Stock" means each or any (as the context may require) series of the Company's common stock.

"Company" means Liberty Media Corporation, a Delaware corporation.

"Control Purchase" means any transaction (or series of related transactions) in which any person (as such term is defined in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), corporation or other entity (other than the Company, any Subsidiary of the Company or any employee benefit plan sponsored by the Company or any Subsidiary of the Company or any Exempt Person (as defined below)) shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the then outstanding securities of the Company ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors (calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company's securities), other than in a transaction (or series of related transactions) approved by the Board. For purposes of this definition, "Exempt Person" means each of (a) the Chairman of the Board, the President and each of the directors of the Company as of the Effective Date, and (b) the respective family members, estates and heirs of each of the Persons referred to in clause (a) above and any trust or other investment vehicle for the primary benefit of any of such Persons or their respective family members or heirs. As used with respect to any Person, the term "family member" means the spouse, siblings and lineal descendants of such Person.

"Disability" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

"Dividend Equivalents" means, with respect to Restricted Stock Units, to the extent specified by the Committee only, an amount equal to all dividends and other distributions (or the economic equivalent thereof) which are payable to stockholders of record during the Restriction Period on a like number and kind of shares of Common Stock. Notwithstanding any provision of the Plan to

the contrary, Dividend Equivalents with respect to a Performance Award may only be paid to the extent the Performance Award is actually paid to the Holder.

"Domestic Relations Order" means a domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder.

"Equity Security" shall have the meaning ascribed to such term in Section 3(a)(11) of the Exchange Act, and an equity security of an issuer shall have the meaning ascribed thereto in Rule 16a-1 promulgated under the Exchange Act, or any successor Rule.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor statute or statutes thereto. Reference to any specific Exchange Act section shall include any successor section.

"Fair Market Value" of a share of any series of Common Stock on any day means (i) for Option and SAR exercise transactions effected on any third-party incentive award administration system provided by the Company, the current high bid price of a share of any series of Common Stock as reported on the consolidated transaction reporting system on the principal national securities exchange on which shares of such series of Common Stock are listed on such day or if such shares are not then listed on a national securities exchange, then as quoted by Pink OTC Markets Inc., or (ii) for all other purposes under this Plan, the last sale price (or, if no last sale price is reported, the average of the high bid and low asked prices) for a share of such series of Common Stock on such day (or, if such day is not a trading day, on the next preceding trading day) as reported on the consolidated transaction reporting system for the principal national securities exchange on which shares of such series of Common Stock are listed on such day or if such shares are not then listed on a national securities exchange, then as quoted by Pink OTC Markets Inc. If for any day the Fair Market Value of a share of the applicable series of Common Stock is not determinable by any of the foregoing means, then the Fair Market Value for such day shall be determined in good faith by the Committee on the basis of such quotations and other considerations as the Committee deems appropriate.

"Free Standing SAR" has the meaning ascribed thereto in Section 7.1.

"Holder" means a Person who has received an Award under the Plan.

"Option" means a stock option granted under Article VI.

"Performance Award" means an Award made pursuant to Article IX of the Plan to a Holder that is subject to the attainment of one or more Performance Objectives.

"Performance Objective" means a standard established by the Committee to determine in whole or in part whether a Performance Award shall be earned.

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

"Plan" means this Liberty Media Corporation 2010 Incentive Plan.

"Restricted Shares" means shares of any series of Common Stock awarded pursuant to Section 8.1.

"Restricted Stock Unit" means a unit evidencing the right to receive in specified circumstances one share of the specified series of Common Stock or the equivalent value in cash, which right is subject to a Restriction Period or forfeiture provisions.

"Restriction Period" means a period of time beginning on the date of each Award of Restricted Shares or Restricted Stock Units and ending on the Vesting Date with respect to such Award.

"Retained Distribution" has the meaning ascribed thereto in Section 8.3.

"SARs" means stock appreciation rights, awarded pursuant to Article VII, with respect to shares of any specified series of Common Stock.

"Subsidiary" of a Person means any present or future subsidiary (as defined in Section 424(f) of the Code) of such Person or any business entity in which such Person owns, directly or indirectly, 50% or more of the voting, capital or profits interests. An entity shall be deemed a subsidiary of a Person for purposes of this definition only for such periods as the requisite ownership or control relationship is maintained.

"Tandem SARs" has the meaning ascribed thereto in Section 7.1.

"Vesting Date," with respect to any Restricted Shares or Restricted Stock Units awarded hereunder, means the date on which such Restricted Shares or Restricted Stock Units cease to be subject to a risk of forfeiture, as designated in or determined in accordance with the Agreement with respect to such Award of Restricted Shares or Restricted Stock Units pursuant to Article VIII. If more than one Vesting Date is designated for an Award of Restricted Shares or Restricted Stock Units, reference in the Plan to a Vesting Date in respect of such Award shall be deemed to refer to each part of such Award and the Vesting Date for such part.

ARTICLE III ADMINISTRATION

3.1 *Committee.* The Plan shall be administered by the Compensation Committee of the Board unless a different committee is appointed by the Board. The Committee shall be comprised of not less than two Persons. The Board may from time to time appoint members of the Committee in substitution for or in addition to members previously appointed, may fill vacancies in the Committee and may remove members of the Committee. The Committee shall select one of its members as its chairman and shall hold its meetings at such times and places as it shall deem advisable. A majority of its members shall constitute a quorum and all determinations shall be made by a majority of such quorum. Any determination reduced to writing and signed by all of the members shall be as fully effective as if it had been made by a majority vote at a meeting duly called and held.

3.2 *Powers.* The Committee shall have full power and authority to grant to eligible Persons Options under Article VI of the Plan, SARs under Article VII of the Plan, Restricted Shares under Article VIII of the Plan, Restricted Stock Units under Article VIII of the Plan, Cash Awards under Article IX of the Plan and/or Performance Awards under Article IX of the Plan, to determine the terms and conditions (which need not be identical) of all Awards so granted, to interpret the provisions of the Plan and any Agreements relating to Awards granted under the Plan and to supervise the administration of the Plan. The Committee in making an Award may provide for the granting or issuance of additional, replacement or alternative Awards upon the occurrence of specified events, including the exercise of the original Award. The Committee shall have sole authority in the selection of Persons to whom Awards may be granted under the Plan and in the determination of the timing, pricing and amount of any such Award, subject only to the express provisions of the Plan. In making determinations hereunder, the Committee may take into account the nature of the services rendered by the respective employees and independent contractors, their present and potential contributions to the success of the Company and its Subsidiaries, and such other factors as the Committee in its discretion deems relevant.

3.3 *Interpretation.* The Committee is authorized, subject to the provisions of the Plan, to establish, amend and rescind such rules and regulations as it deems necessary or advisable for the proper administration of the Plan and to take such other action in connection with or in relation to the

Plan as it deems necessary or advisable. Each action and determination made or taken pursuant to the Plan by the Committee, including any interpretation or construction of the Plan, shall be final and conclusive for all purposes and upon all Persons. No member of the Committee shall be liable for any action or determination made or taken by him or the Committee in good faith with respect to the Plan.

ARTICLE IV

SHARES SUBJECT TO THE PLAN

4.1 *Number of Shares.* Subject to the provisions of this Article IV, the maximum number of shares of Common Stock with respect to which Awards may be granted during the term of the Plan shall be 50 million shares. Shares of Common Stock will be made available from the authorized but unissued shares of the Company or from shares reacquired by the Company, including shares purchased in the open market. The shares of Common Stock subject to (i) any Award granted under the Plan that shall expire, terminate or be cancelled or annulled for any reason without having been exercised (or considered to have been exercised as provided in Section 7.2), (ii) any Award of any SARs granted under the Plan the terms of which provide for settlement in cash, and (iii) any Award of Restricted Shares or Restricted Stock Units that shall be forfeited prior to becoming vested (provided that the Holder received no benefits of ownership of such Restricted Shares or Restricted Stock Units other than voting rights and the accumulation of Retained Distributions and unpaid Dividend Equivalents that are likewise forfeited) shall again be available for purposes of the Plan. Notwithstanding the foregoing, the following shares of Common Stock may not again be made available for issuance as Awards under the Plan: (a) shares of Common Stock not issued or delivered as a result of the net settlement of an outstanding Option or SAR, (b) shares of Common Stock used to pay the purchase price or withholding taxes related to an outstanding Award, or (c) shares of Common Stock repurchased on the open market with the proceeds of an Option purchase price. Except for Awards described in Section 10.1, no Person may be granted in any calendar year Awards covering more than 8 million shares of Common Stock (as such amount may be adjusted from time to time as provided in Section 4.2). No Person shall receive payment for Cash Awards during any calendar year aggregating in excess of \$10 million.

4.2 *Adjustments.*

(a) If the Company subdivides its outstanding shares of any series of Common Stock into a greater number of shares of such series of Common Stock (by stock dividend, stock split, reclassification, or otherwise) or combines its outstanding shares of any series of Common Stock into a smaller number of shares of such series of Common Stock (by reverse stock split, reclassification, or otherwise) or if the Committee determines that any stock dividend, extraordinary cash dividend, reclassification, recapitalization, reorganization, stock redemption, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase such series of Common Stock or other similar corporate event (including mergers or consolidations other than those which constitute Approved Transactions, adjustments with respect to which shall be governed by Section 10.1(b)) affects any series of Common Stock so that an adjustment is required to preserve the benefits or potential benefits intended to be made available under the Plan, then the Committee, in such manner as the Committee, in its sole discretion, deems equitable and appropriate, shall make such adjustments to any or all of (i) the number and kind of shares of stock which thereafter may be awarded, optioned or otherwise made subject to the benefits contemplated by the Plan, (ii) the number and kind of shares of stock subject to outstanding Awards, and (iii) the purchase or exercise price and the relevant appreciation base with respect to any of the foregoing, *provided, however*, that the number of shares subject to any Award shall always be a whole number. The Committee may, if deemed appropriate, provide for a cash payment to any Holder of an Award in connection with any adjustment made pursuant to this Section 4.2.

(b) Notwithstanding any provision of the Plan to the contrary, in the event of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Committee shall be authorized, in its discretion, (i) to provide, prior to the transaction, for the acceleration of the vesting and exercisability of, or lapse of restrictions with respect to, the Award and, if the transaction is a cash merger, provide for the termination of any portion of the Award that remains unexercised at the time of such transaction, or (ii) to cancel any such Awards and to deliver to the Holders cash in an amount that the Committee shall determine in its sole discretion is equal to the fair market value of such Awards on the date of such event, which in the case of Options or SARs shall be the excess of the Fair Market Value (as determined in sub-section (ii) of the definition of such term) of Common Stock on such date over the purchase price of the Options or the base price of the SARs, as applicable.

(c) No adjustment or substitution pursuant to this Section 4.2 shall be made in a manner that results in noncompliance with the requirements of Section 409A of the Code, to the extent applicable.

ARTICLE V

ELIGIBILITY

5.1 *General.* The Persons who shall be eligible to participate in the Plan and to receive Awards under the Plan shall, subject to Section 5.2, be such Persons who are employees (including officers and directors) of or independent contractors providing services to the Company or its Subsidiaries as the Committee shall select. Awards may be made to employees or independent contractors who hold or have held Awards under the Plan or any similar or other awards under any other plan of the Company or any of its Affiliates.

5.2 *Ineligibility.* No member of the Committee, while serving as such, shall be eligible to receive an Award.

ARTICLE VI

STOCK OPTIONS

6.1 *Grant of Options.* Subject to the limitations of the Plan, the Committee shall designate from time to time those eligible Persons to be granted Options, the time when each Option shall be granted to such eligible Persons, the series and number of shares of Common Stock subject to such Option, and, subject to Section 6.2, the purchase price of the shares of Common Stock subject to such Option.

6.2 *Option Price.* The price at which shares may be purchased upon exercise of an Option shall be fixed by the Committee and may be no less than the Fair Market Value of the shares of the applicable series of Common Stock subject to the Option as of the date the Option is granted.

6.3 *Term of Options.* Subject to the provisions of the Plan with respect to death, retirement and termination of employment, the term of each Option shall be for such period as the Committee shall determine as set forth in the applicable Agreement; provided that such term may not exceed ten years.

6.4 *Exercise of Options.* An Option granted under the Plan shall become (and remain) exercisable during the term of the Option to the extent provided in the applicable Agreement and the Plan and, unless the Agreement otherwise provides, may be exercised to the extent exercisable, in whole or in part, at any time and from time to time during such term; *provided, however,* that subsequent to the grant of an Option, the Committee, at any time before complete termination of such Option, may accelerate the time or times at which such Option may be exercised in whole or in part (without reducing the term of such Option).

6.5 *Manner of Exercise.*

(a) *Form of Payment.* An Option shall be exercised by written notice to the Company upon such terms and conditions as the Agreement may provide and in accordance with such other procedures for the exercise of Options as the Committee may establish from time to time. The method or methods of payment of the purchase price for the shares to be purchased upon exercise of an Option and of any amounts required by Section 10.9 shall be determined by the Committee and may consist of (i) cash, (ii) check, (iii) promissory note (subject to applicable law), (iv) whole shares of any series of Common Stock, (v) the withholding of shares of the applicable series of Common Stock issuable upon such exercise of the Option, (vi) the delivery, together with a properly executed exercise notice, of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay the purchase price, or (vii) any combination of the foregoing methods of payment, or such other consideration and method of payment as may be permitted for the issuance of shares under the Delaware General Corporation Law. The permitted method or methods of payment of the amounts payable upon exercise of an Option, if other than in cash, shall be set forth in the applicable Agreement and may be subject to such conditions as the Committee deems appropriate.

(b) *Value of Shares.* Unless otherwise determined by the Committee and provided in the applicable Agreement, shares of any series of Common Stock delivered in payment of all or any part of the amounts payable in connection with the exercise of an Option, and shares of any series of Common Stock withheld for such payment, shall be valued for such purpose at their Fair Market Value as of the exercise date.

(c) *Issuance of Shares.* The Company shall effect the transfer of the shares of Common Stock purchased under the Option as soon as practicable after the exercise thereof and payment in full of the purchase price therefor and of any amounts required by Section 10.9, and within a reasonable time thereafter, such transfer shall be evidenced on the books of the Company. Unless otherwise determined by the Committee and provided in the applicable Agreement, (i) no Holder or other Person exercising an Option shall have any of the rights of a stockholder of the Company with respect to shares of Common Stock subject to an Option granted under the Plan until due exercise and full payment has been made, and (ii) no adjustment shall be made for cash dividends or other rights for which the record date is prior to the date of such due exercise and full payment.

6.6 *Nontransferability.* Unless otherwise determined by the Committee and provided in the applicable Agreement, Options shall not be transferable other than by will or the laws of descent and distribution or pursuant to a Domestic Relations Order, and, except as otherwise required pursuant to a Domestic Relations Order, Options may be exercised during the lifetime of the Holder thereof only by such Holder (or his or her court-appointed legal representative).

ARTICLE VII

SARS

7.1 *Grant of SARS.* Subject to the limitations of the Plan, SARS may be granted by the Committee to such eligible Persons in such numbers, with respect to any specified series of Common Stock, and at such times during the term of the Plan as the Committee shall determine. A SAR may be granted to a Holder of an Option (hereinafter called a "related Option") with respect to all or a portion of the shares of Common Stock subject to the related Option (a "Tandem SAR") or may be granted separately to an eligible employee (a "Free Standing SAR"). Subject to the limitations of the Plan, SARS shall be exercisable in whole or in part upon notice to the Company upon such terms and conditions as are provided in the Agreement.

7.2 Tandem SARs. A Tandem SAR may be granted either concurrently with the grant of the related Option or at any time thereafter prior to the complete exercise, termination, expiration or cancellation of such related Option. Tandem SARs shall be exercisable only at the time and to the extent that the related Option is exercisable (and may be subject to such additional limitations on exercisability as the Agreement may provide) and in no event after the complete termination or full exercise of the related Option. Upon the exercise or termination of the related Option, the Tandem SARs with respect thereto shall be canceled automatically to the extent of the number of shares of Common Stock with respect to which the related Option was so exercised or terminated. Subject to the limitations of the Plan, upon the exercise of a Tandem SAR and unless otherwise determined by the Committee and provided in the applicable Agreement, (i) the Holder thereof shall be entitled to receive from the Company, for each share of the applicable series of Common Stock with respect to which the Tandem SAR is being exercised, consideration (in the form determined as provided in Section 7.4) equal in value to the excess of the Fair Market Value of a share of the applicable series of Common Stock with respect to which the Tandem SAR was granted on the date of exercise over the related Option purchase price per share, and (ii) the related Option with respect thereto shall be canceled automatically to the extent of the number of shares of Common Stock with respect to which the Tandem SAR was so exercised.

7.3 Free Standing SARs. Free Standing SARs shall be exercisable at the time, to the extent and upon the terms and conditions set forth in the applicable Agreement. The base price of a Free Standing SAR may be no less than the Fair Market Value of the applicable series of Common Stock with respect to which the Free Standing SAR was granted as of the date the Free Standing SAR is granted. Subject to the limitations of the Plan, upon the exercise of a Free Standing SAR and unless otherwise determined by the Committee and provided in the applicable Agreement, the Holder thereof shall be entitled to receive from the Company, for each share of the applicable series of Common Stock with respect to which the Free Standing SAR is being exercised, consideration (in the form determined as provided in Section 7.4) equal in value to the excess of the Fair Market Value of a share of the applicable series of Common Stock with respect to which the Free Standing SAR was granted on the date of exercise over the base price per share of such Free Standing SAR. The term of a Free Standing SAR may not exceed ten years.

7.4 Consideration. The consideration to be received upon the exercise of a SAR by the Holder shall be paid in cash, shares of the applicable series of Common Stock with respect to which the SAR was granted (valued at Fair Market Value on the date of exercise of such SAR), a combination of cash and such shares of the applicable series of Common Stock or such other consideration, in each case, as provided in the Agreement. No fractional shares of Common Stock shall be issuable upon exercise of a SAR, and unless otherwise provided in the applicable Agreement, the Holder will receive cash in lieu of fractional shares. Unless the Committee shall otherwise determine, to the extent a Free Standing SAR is exercisable, it will be exercised automatically for cash on its expiration date.

7.5 Limitations. The applicable Agreement may provide for a limit on the amount payable to a Holder upon exercise of SARs at any time or in the aggregate, for a limit on the number of SARs that may be exercised by the Holder in whole or in part for cash during any specified period, for a limit on the time periods during which a Holder may exercise SARs, and for such other limits on the rights of the Holder and such other terms and conditions of the SAR, including a condition that the SAR may be exercised only in accordance with rules and regulations adopted from time to time, as the Committee may determine. Unless otherwise so provided in the applicable Agreement, any such limit relating to a Tandem SAR shall not restrict the exercisability of the related Option. Such rules and regulations may govern the right to exercise SARs granted prior to the adoption or amendment of such rules and regulations as well as SARs granted thereafter.

7.6 *Exercise.* For purposes of this Article VII, the date of exercise of a SAR shall mean the date on which the Company shall have received notice from the Holder of the SAR of the exercise of such SAR (unless otherwise determined by the Committee and provided in the applicable Agreement).

7.7 *Nontransferability.* Unless otherwise determined by the Committee and provided in the applicable Agreement, (i) SARs shall not be transferable other than by will or the laws of descent and distribution or pursuant to a Domestic Relations Order, and (ii) except as otherwise required pursuant to a Domestic Relations Order, SARs may be exercised during the lifetime of the Holder thereof only by such Holder (or his or her court-appointed legal representative).

ARTICLE VIII

RESTRICTED SHARES AND RESTRICTED STOCK UNITS

8.1 *Grant of Restricted Shares.* Subject to the limitations of the Plan, the Committee shall designate those eligible Persons to be granted Awards of Restricted Shares, shall determine the time when each such Award shall be granted, and shall designate (or set forth the basis for determining) the Vesting Date or Vesting Dates for each Award of Restricted Shares, and may prescribe other restrictions, terms and conditions applicable to the vesting of such Restricted Shares in addition to those provided in the Plan. The Committee shall determine the price, if any, to be paid by the Holder for the Restricted Shares; *provided, however*, that the issuance of Restricted Shares shall be made for at least the minimum consideration necessary to permit such Restricted Shares to be deemed fully paid and nonassessable. All determinations made by the Committee pursuant to this Section 8.1 shall be specified in the Agreement.

8.2 *Issuance of Restricted Shares.* An Award of Restricted Shares shall be registered in a book entry account (the "Account") in the name of the Holder to whom such Restricted Shares shall have been awarded. During the Restriction Period, the Account, any certificates representing the Restricted Shares that may be issued during the Restriction Period and any securities constituting Retained Distributions shall bear a restrictive legend to the effect that ownership of the Restricted Shares (and such Retained Distributions), and the enjoyment of all rights appurtenant thereto, are subject to the restrictions, terms and conditions provided in the Plan and the applicable Agreement. Any such certificates shall remain in the custody of the Company or its designee, and the Holder shall deposit with the custodian stock powers or other instruments of assignment, each endorsed in blank, so as to permit retransfer to the Company of all or any portion of the Restricted Shares and any securities constituting Retained Distributions that shall be forfeited or otherwise not become vested in accordance with the Plan and the applicable Agreement.

8.3 *Restrictions with Respect to Restricted Shares.* During the Restriction Period, Restricted Shares shall constitute issued and outstanding shares of the applicable series of Common Stock for all corporate purposes. The Holder will have the right to vote such Restricted Shares, to receive and retain such dividends and distributions, as the Committee may designate, paid or distributed on such Restricted Shares, and to exercise all other rights, powers and privileges of a Holder of shares of the applicable series of Common Stock with respect to such Restricted Shares; *except, that*, unless otherwise determined by the Committee and provided in the applicable Agreement, (i) the Holder will not be entitled to delivery of the stock certificate or certificates representing such Restricted Shares until the Restriction Period shall have expired and unless all other vesting requirements with respect thereto shall have been fulfilled or waived; (ii) the Company or its designee will retain custody of the stock certificate or certificates representing the Restricted Shares during the Restriction Period as provided in Section 8.2; (iii) other than such dividends and distributions as the Committee may designate, the Company or its designee will retain custody of all distributions ("Retained Distributions") made or declared with respect to the Restricted Shares (and such Retained Distributions will be subject to the same restrictions, terms and vesting, and other conditions as are applicable to the Restricted Shares)

until such time, if ever, as the Restricted Shares with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested, and such Retained Distributions shall not bear interest or be segregated in a separate account; (iv) the Holder may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Shares or any Retained Distributions or his interest in any of them during the Restriction Period; and (v) a breach of any restrictions, terms or conditions provided in the Plan or established by the Committee with respect to any Restricted Shares or Retained Distributions will cause a forfeiture of such Restricted Shares and any Retained Distributions with respect thereto.

8.4 *Grant of Restricted Stock Units.* Subject to the limitations of the Plan, the Committee shall designate those eligible Persons to be granted Awards of Restricted Stock Units, the value of which is based, in whole or in part, on the Fair Market Value of the shares of any specified series of Common Stock. Subject to the provisions of the Plan, including any rules established pursuant to Section 8.5, Awards of Restricted Stock Units shall be subject to such terms, restrictions, conditions, vesting requirements and payment rules as the Committee may determine in its discretion, which need not be identical for each Award. Such Awards may provide for the payment of cash consideration by the Person to whom such Award is granted or provide that the Award, and any shares of Common Stock to be issued in connection therewith, if applicable, shall be delivered without the payment of cash consideration; provided, however, that the issuance of any shares of Common Stock in connection with an Award of Restricted Stock Units shall be for at least the minimum consideration necessary to permit such shares to be deemed fully paid and nonassessable. The determinations made by the Committee pursuant to this Section 8.4 shall be specified in the applicable Agreement.

8.5 *Restrictions with Respect to Restricted Stock Units.* Any Award of Restricted Stock Units, including any shares of Common Stock which are part of an Award of Restricted Stock Units, may not be assigned, sold, transferred, pledged or otherwise encumbered prior to the date on which the shares are issued or, if later, the date provided by the Committee at the time of the Award. A breach of any restrictions, terms or conditions provided in the Plan or established by the Committee with respect to any Award of Restricted Stock Units will cause a forfeiture of such Restricted Stock Units and any Dividend Equivalents with respect thereto.

8.6 *Issuance of Restricted Stock Units.* Restricted Stock Units shall be issued at the beginning of the Restriction Period, shall not constitute issued and outstanding shares of the applicable series of Common Stock, and the Holder shall not have any of the rights of a stockholder with respect to the shares of Common Stock covered by such an Award of Restricted Stock Units, in each case until such shares shall have been issued to the Holder at the end of the Restriction Period. If and to the extent that shares of Common Stock are to be issued at the end of the Restriction Period, the Holder shall be entitled to receive Dividend Equivalents with respect to the shares of Common Stock covered thereby either (i) during the Restriction Period or (ii) in accordance with the rules applicable to Retained Distributions, as the Committee may specify in the Agreement.

8.7 *Cash Payments.* In connection with any Award of Restricted Shares or Restricted Stock Units, an Agreement may provide for the payment of a cash amount to the Holder of such Awards at any time after such Awards shall have become vested. Such cash amounts shall be payable in accordance with such additional restrictions, terms and conditions as shall be prescribed by the Committee in the Agreement and shall be in addition to any other salary, incentive, bonus or other compensation payments which such Holder shall be otherwise entitled or eligible to receive from the Company.

8.8 *Completion of Restriction Period.* On the Vesting Date with respect to each Award of Restricted Shares or Restricted Stock Units and the satisfaction of any other applicable restrictions, terms and conditions, (i) all or the applicable portion of such Restricted Shares or Restricted Stock Units shall become vested, (ii) any Retained Distributions with respect to such Restricted Shares and

any unpaid Dividend Equivalents with respect to such Restricted Stock Units shall become vested to the extent that the Award related thereto shall have become vested, and (iii) any cash amount to be received by the Holder with respect to such Restricted Shares or Restricted Stock Units shall become payable, all in accordance with the terms of the applicable Agreement. Any such Restricted Shares, Restricted Stock Units, Retained Distributions and any unpaid Dividend Equivalents that shall not become vested shall be forfeited to the Company, and the Holder shall not thereafter have any rights (including dividend and voting rights) with respect to such Restricted Shares, Restricted Stock Units, Retained Distributions and any unpaid Dividend Equivalents that shall have been so forfeited. The Committee may, in its discretion, provide that the delivery of any Restricted Shares, Restricted Stock Units, Retained Distributions and unpaid Dividend Equivalents that shall have become vested, and payment of any related cash amounts that shall have become payable under this Article VIII, shall be deferred until such date or dates as the recipient may elect. Any election of a recipient pursuant to the preceding sentence shall be filed in writing with the Committee in accordance with such rules and regulations, including any deadline for the making of such an election, as the Committee may provide, and shall be made in compliance with Section 409A of the Code.

ARTICLE IX

CASH AWARDS AND PERFORMANCE AWARDS

9.1 *Cash Awards.* In addition to granting Options, SARs, Restricted Shares and Restricted Stock Units, the Committee shall, subject to the limitations of the Plan, have authority to grant to eligible Persons Cash Awards. Each Cash Award shall be subject to such terms and conditions, restrictions and contingencies, if any, as the Committee shall determine. Restrictions and contingencies limiting the right to receive a cash payment pursuant to a Cash Award shall be based upon the achievement of single or multiple Performance Objectives over a performance period established by the Committee. The determinations made by the Committee pursuant to this Section 9.1 shall be specified in the applicable Agreement.

9.2 *Designation as a Performance Award.* The Committee shall have the right to designate any Award of Options, SARs, Restricted Shares or Restricted Stock Units as a Performance Award. All Cash Awards shall be designated as Performance Awards.

9.3 *Performance Objectives.* The grant or vesting of a Performance Award shall be subject to the achievement of Performance Objectives over a performance period established by the Committee based upon one or more of the following business criteria that apply to the Holder, one or more business units, divisions or Subsidiaries of the Company or the applicable sector of the Company, or the Company as a whole, and if so desired by the Committee, by comparison with a peer group of companies: increased revenue; net income measures (including income after capital costs and income before or after taxes); stock price measures (including growth measures and total stockholder return); price per share of Common Stock; market share; earnings per share (actual or targeted growth); earnings before interest, taxes, depreciation and amortization (EBITDA); operating income before depreciation and amortization (OIBDA); economic value added (or an equivalent metric); market value added; debt to equity ratio; cash flow measures (including cash flow return on capital, cash flow return on tangible capital, net cash flow and net cash flow before financing activities); return measures (including return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors' capital and return on average equity); operating measures (including operating income, funds from operations, cash from operations, after-tax operating income, sales volumes, production volumes and production efficiency); expense measures (including overhead cost and general and administrative expense); margins; stockholder value; total stockholder return; proceeds from dispositions; total market value and corporate values measures (including ethics compliance, environmental and safety). Unless otherwise stated, such a Performance Objective need not be based

upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). The Committee shall have the authority to determine whether the Performance Objectives and other terms and conditions of the Award are satisfied, and the Committee's determination as to the achievement of Performance Objectives relating to a Performance Award shall be made in writing.

9.4 *Section 162(m) of the Code.* Notwithstanding the foregoing provisions, if the Committee intends for a Performance Award to be granted and administered in a manner designed to preserve the deductibility of the compensation resulting from such Award in accordance with Section 162(m) of the Code, then the Performance Objectives for such particular Performance Award relative to the particular period of service to which the Performance Objectives relate shall be established by the Committee in writing (i) no later than 90 days after the beginning of such period and (ii) prior to the completion of 25% of such period.

9.5 *Waiver of Performance Objectives.* The Committee shall have no discretion to modify or waive the Performance Objectives or conditions to the grant or vesting of a Performance Award unless such Award is not intended to qualify as qualified performance-based compensation under Section 162(m) of the Code and the relevant Agreement provides for such discretion.

ARTICLE X

GENERAL PROVISIONS

10.1 *Acceleration of Awards.*

(a) *Death or Disability.* If a Holder's employment shall terminate by reason of death or Disability, notwithstanding any contrary waiting period, installment period, vesting schedule or Restriction Period in any Agreement or in the Plan, unless the applicable Agreement provides otherwise: (i) in the case of an Option or SAR, each outstanding Option or SAR granted under the Plan shall immediately become exercisable in full in respect of the aggregate number of shares covered thereby; (ii) in the case of Restricted Shares, the Restriction Period applicable to each such Award of Restricted Shares shall be deemed to have expired and all such Restricted Shares and any related Retained Distributions shall become vested and any related cash amounts payable pursuant to the applicable Agreement shall be adjusted in such manner as may be provided in the Agreement; and (iii) in the case of Restricted Stock Units, the Restriction Period applicable to each such Award of Restricted Stock Units shall be deemed to have expired and all such Restricted Stock Units and any unpaid Dividend Equivalents shall become vested and any related cash amounts payable pursuant to the applicable Agreement shall be adjusted in such manner as may be provided in the Agreement.

(b) *Approved Transactions; Board Change; Control Purchase.* In the event of any Approved Transaction, Board Change or Control Purchase, notwithstanding any contrary waiting period, installment period, vesting schedule or Restriction Period in any Agreement or in the Plan, unless the applicable Agreement provides otherwise: (i) in the case of an Option or SAR, each such outstanding Option or SAR granted under the Plan shall become exercisable in full in respect of the aggregate number of shares covered thereby; (ii) in the case of Restricted Shares, the Restriction Period applicable to each such Award of Restricted Shares shall be deemed to have expired and all such Restricted Shares and any related Retained Distributions shall become vested and any related cash amounts payable pursuant to the applicable Agreement shall be adjusted in such manner as may be provided in the Agreement; and (iii) in the case of Restricted Stock Units, the Restriction Period applicable to each such Award of Restricted Stock Units shall be deemed to have expired and all such Restricted Stock Units and any unpaid Dividend Equivalents shall

become vested and any related cash amounts payable pursuant to the applicable Agreement shall be adjusted in such manner as may be provided in the Agreement, in each case effective upon the Board Change or Control Purchase or immediately prior to consummation of the Approved Transaction. The effect, if any, on a Cash Award of an Approved Transaction, Board Change or Control Purchase shall be prescribed in the applicable Agreement. Notwithstanding the foregoing, unless otherwise provided in the applicable Agreement, the Committee may, in its discretion, determine that any or all outstanding Awards of any or all types granted pursuant to the Plan will not vest or become exercisable on an accelerated basis in connection with an Approved Transaction if effective provision has been made for the taking of such action which, in the opinion of the Committee, is equitable and appropriate to substitute a new Award for such Award or to assume such Award and to make such new or assumed Award, as nearly as may be practicable, equivalent to the old Award (before giving effect to any acceleration of the vesting or exercisability thereof), taking into account, to the extent applicable, the kind and amount of securities, cash or other assets into or for which the applicable series of Common Stock may be changed, converted or exchanged in connection with the Approved Transaction.

10.2 *Termination of Employment.*

(a) *General.* If a Holder's employment shall terminate prior to an Option or SAR becoming exercisable or being exercised (or deemed exercised, as provided in Section 7.2) in full, or during the Restriction Period with respect to any Restricted Shares or any Restricted Stock Units, then such Option or SAR shall thereafter become or be exercisable, and the Holder's rights to any unvested Restricted Shares, Retained Distributions and related cash amounts and any unvested Restricted Stock Units, unpaid Dividend Equivalents and related cash amounts shall thereafter vest, in each case solely to the extent provided in the applicable Agreement; *provided, however,* that, unless otherwise determined by the Committee and provided in the applicable Agreement, (i) no Option or SAR may be exercised after the scheduled expiration date thereof; (ii) if the Holder's employment terminates by reason of death or Disability, the Option or SAR shall remain exercisable for a period of at least one year following such termination (but not later than the scheduled expiration of such Option or SAR); and (iii) any termination of the Holder's employment for cause will be treated in accordance with the provisions of Section 10.2(b). The effect on a Cash Award of the termination of a Holder's employment for any reason, other than for cause, shall be prescribed in the applicable Agreement.

(b) *Termination for Cause.* If a Holder's employment with the Company or a Subsidiary of the Company shall be terminated by the Company or such Subsidiary for "cause" during the Restriction Period with respect to any Restricted Shares or Restricted Stock Units or prior to any Option or SAR becoming exercisable or being exercised in full or prior to the payment in full of any Cash Award (for these purposes, "cause" shall have the meaning ascribed thereto in any employment agreement to which such Holder is a party or, in the absence thereof, shall include insubordination, dishonesty, incompetence, moral turpitude, other misconduct of any kind and the refusal to perform his duties and responsibilities for any reason other than illness or incapacity; *provided, however,* that if such termination occurs within 12 months after an Approved Transaction or Control Purchase or Board Change, termination for "cause" shall mean only a felony conviction for fraud, misappropriation, or embezzlement), then, unless otherwise determined by the Committee and provided in the applicable Agreement, (i) all Options and SARs and all unpaid Cash Awards held by such Holder shall immediately terminate, and (ii) such Holder's rights to all Restricted Shares, Restricted Stock Units, Retained Distributions, any unpaid Dividend Equivalents and any related cash amounts shall be forfeited immediately.

(c) *Miscellaneous.* The Committee may determine whether any given leave of absence constitutes a termination of employment; *provided, however,* that for purposes of the Plan, (i) a leave of absence, duly authorized in writing by the Company for military service or sickness, or for any other purpose approved by the Company if the period of such leave does not exceed 90 days, and (ii) a leave of absence in excess of 90 days, duly authorized in writing by the Company provided the employee's right to reemployment is guaranteed either by statute or contract, shall not be deemed a termination of employment. Unless otherwise determined by the Committee and provided in the applicable Agreement, Awards made under the Plan shall not be affected by any change of employment so long as the Holder continues to be an employee of the Company.

10.3 *Right of Company to Terminate Employment.* Nothing contained in the Plan or in any Award, and no action of the Company or the Committee with respect thereto, shall confer or be construed to confer on any Holder any right to continue in the employ of the Company or any of its Subsidiaries or interfere in any way with the right of the Company or any Subsidiary of the Company to terminate the employment of the Holder at any time, with or without cause, subject, however, to the provisions of any employment agreement between the Holder and the Company or any Subsidiary of the Company.

10.4 *Nonalienation of Benefits.* Except as set forth herein, no right or benefit under the Plan shall be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, garnishment, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, garnish, encumber or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities or torts of the Person entitled to such benefits.

10.5 *Written Agreement.* Each Award under the Plan shall be evidenced by a written agreement, in such form as the Committee shall approve from time to time in its discretion, specifying the terms and provisions of such Award which may not be inconsistent with the provisions of the Plan; *provided, however,* that if more than one type of Award is made to the same Holder, such Awards may be evidenced by a single Agreement with such Holder. Each grantee of an Option, SAR, Restricted Shares, Restricted Stock Units or Performance Award (including a Cash Award) shall be notified promptly of such grant, and a written Agreement shall be promptly delivered by the Company. Any such written Agreement may contain (but shall not be required to contain) such provisions as the Committee deems appropriate (i) to insure that the penalty provisions of Section 4999 of the Code will not apply to any stock or cash received by the Holder from the Company or (ii) to provide cash payments to the Holder to mitigate the impact of such penalty provisions upon the Holder. Any such Agreement may be supplemented or amended from time to time as approved by the Committee as contemplated by Section 10.7(b).

10.6 *Designation of Beneficiaries.* Each Person who shall be granted an Award under the Plan may designate a beneficiary or beneficiaries and may change such designation from time to time by filing a written designation of beneficiary or beneficiaries with the Committee on a form to be prescribed by it, provided that no such designation shall be effective unless so filed prior to the death of such Person.

10.7 *Termination and Amendment.*

(a) *General.* Unless the Plan shall theretofore have been terminated as hereinafter provided, no Awards may be made under the Plan on or after February 23, 2015. The Plan may be terminated at any time prior to such date and may, from time to time, be suspended or discontinued or modified or amended if such action is deemed advisable by the Committee.

(b) *Modification.* No termination, modification or amendment of the Plan may, without the consent of the Person to whom any Award shall theretofore have been granted, adversely affect

the rights of such Person with respect to such Award. No modification, extension, renewal or other change in any Award granted under the Plan shall be made after the grant of such Award, unless the same is consistent with the provisions of the Plan. With the consent of the Holder and subject to the terms and conditions of the Plan (including Section 10.7(a)), the Committee may amend outstanding Agreements with any Holder, including any amendment which would (i) accelerate the time or times at which the Award may be exercised and/or (ii) extend the scheduled expiration date of the Award. Without limiting the generality of the foregoing, the Committee may, but solely with the Holder's consent unless otherwise provided in the Agreement, agree to cancel any Award under the Plan and grant a new Award in substitution therefor, provided that the Award so substituted shall satisfy all of the requirements of the Plan as of the date such new Award is made. Nothing contained in the foregoing provisions of this Section 10.7(b) shall be construed to prevent the Committee from providing in any Agreement that the rights of the Holder with respect to the Award evidenced thereby shall be subject to such rules and regulations as the Committee may, subject to the express provisions of the Plan, adopt from time to time or impair the enforceability of any such provision.

10.8 *Government and Other Regulations.* The obligation of the Company with respect to Awards shall be subject to all applicable laws, rules and regulations and such approvals by any governmental agencies as may be required, including the effectiveness of any registration statement required under the Securities Act of 1933, and the rules and regulations of any securities exchange or association on which the Common Stock may be listed or quoted. For so long as any series of Common Stock are registered under the Exchange Act, the Company shall use its reasonable efforts to comply with any legal requirements (i) to maintain a registration statement in effect under the Securities Act of 1933 with respect to all shares of the applicable series of Common Stock that may be issuable, from time to time, to Holders under the Plan and (ii) to file in a timely manner all reports required to be filed by it under the Exchange Act.

10.9 *Withholding.* The Company's obligation to deliver shares of Common Stock or pay cash in respect of any Award under the Plan shall be subject to applicable federal, state and local tax withholding requirements. Federal, state and local withholding tax due at the time of an Award, upon the exercise of any Option or SAR or upon the vesting of, or expiration of restrictions with respect to, Restricted Shares or Restricted Stock Units or the satisfaction of the Performance Objectives applicable to a Performance Award, as appropriate, may, in the discretion of the Committee, be paid in shares of Common Stock already owned by the Holder or through the withholding of shares otherwise issuable to such Holder, upon such terms and conditions (including the conditions referenced in Section 6.5) as the Committee shall determine. If the Holder shall fail to pay, or make arrangements satisfactory to the Committee for the payment to the Company of, all such federal, state and local taxes required to be withheld by the Company, then the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to such Holder an amount equal to any federal, state or local taxes of any kind required to be withheld by the Company with respect to such Award.

10.10 *Nonexclusivity of the Plan.* The adoption of the Plan by the Board shall not be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including the granting of stock options and the awarding of stock and cash otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

10.11 *Exclusion from Pension and Profit-Sharing Computation.* By acceptance of an Award, unless otherwise provided in the applicable Agreement, each Holder shall be deemed to have agreed that such Award is special incentive compensation that will not be taken into account, in any manner, as salary, compensation or bonus in determining the amount of any payment under any pension, retirement or other employee benefit plan, program or policy of the Company or any Subsidiary of the Company. In addition, each beneficiary of a deceased Holder shall be deemed to have agreed that such Award will

not affect the amount of any life insurance coverage, if any, provided by the Company on the life of the Holder which is payable to such beneficiary under any life insurance plan covering employees of the Company or any Subsidiary of the Company.

10.12 *Unfunded Plan.* Neither the Company nor any Subsidiary of the Company shall be required to segregate any cash or any shares of Common Stock which may at any time be represented by Awards, and the Plan shall constitute an "unfunded" plan of the Company. Except as provided in Article VIII with respect to Awards of Restricted Shares and except as expressly set forth in an Agreement, no employee shall have voting or other rights with respect to the shares of Common Stock covered by an Award prior to the delivery of such shares. Neither the Company nor any Subsidiary of the Company shall, by any provisions of the Plan, be deemed to be a trustee of any shares of Common Stock or any other property, and the liabilities of the Company and any Subsidiary of the Company to any employee pursuant to the Plan shall be those of a debtor pursuant to such contract obligations as are created by or pursuant to the Plan, and the rights of any employee, former employee or beneficiary under the Plan shall be limited to those of a general creditor of the Company or the applicable Subsidiary of the Company, as the case may be. In its sole discretion, the Board may authorize the creation of trusts or other arrangements to meet the obligations of the Company under the Plan, *provided, however*, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

10.13 *Governing Law.* The Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware.

10.14 *Accounts.* The delivery of any shares of Common Stock and the payment of any amount in respect of an Award shall be for the account of the Company or the applicable Subsidiary of the Company, as the case may be, and any such delivery or payment shall not be made until the recipient shall have paid or made satisfactory arrangements for the payment of any applicable withholding taxes as provided in Section 10.9.

10.15 *Legends.* Any certificate evidencing shares of Common Stock subject to an Award shall bear such legends as the Committee deems necessary or appropriate to reflect or refer to any terms, conditions or restrictions of the Award applicable to such shares, including any to the effect that the shares represented thereby may not be disposed of unless the Company has received an opinion of counsel, acceptable to the Company, that such disposition will not violate any federal or state securities laws.

10.16 *Company's Rights.* The grant of Awards pursuant to the Plan shall not affect in any way the right or power of the Company to make reclassifications, reorganizations or other changes of or to its capital or business structure or to merge, consolidate, liquidate, sell or otherwise dispose of all or any part of its business or assets.

10.17 *Section 409A.* It is the intent of the Company that Awards under the plan comply with the requirements of, or be exempt from the application of, Section 409A of the Code and related regulations and United States Department of the Treasury pronouncements ("Section 409A"). Notwithstanding anything in this Plan to the contrary, if any Plan provision or Award under the Plan would result in the imposition of an additional tax under Section 409A, that Plan provision or Award will be construed or reformed to avoid imposition of the applicable tax and no action taken to comply with Section 409A shall be deemed to adversely affect the Holder's rights to an Award.

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[Exhibit 10.2](#)

[LIBERTY MEDIA CORPORATION 2010 INCENTIVE PLAN](#)

[ARTICLE I PURPOSE OF PLAN; EFFECTIVE DATE](#)

[ARTICLE II DEFINITIONS](#)

[ARTICLE III ADMINISTRATION](#)

[ARTICLE IV SHARES SUBJECT TO THE PLAN](#)

[ARTICLE V ELIGIBILITY](#)

[ARTICLE VI STOCK OPTIONS](#)

[ARTICLE VII SARS](#)

[ARTICLE VIII RESTRICTED SHARES AND RESTRICTED STOCK UNITS](#)

[ARTICLE IX CASH AWARDS AND PERFORMANCE AWARDS](#)

[ARTICLE X GENERAL PROVISIONS](#)

CERTIFICATION

I, Gregory B. Maffei, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Media Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2010

/s/ GREGORY B. MAFFEI

Gregory B. Maffei
Chief Executive Officer and President

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[EXHIBIT 31.1](#)

CERTIFICATION

I, David J.A. Flowers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Media Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2010

/s/ DAVID J.A. FLOWERS

David J.A. Flowers
Senior Vice President and Treasurer

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[EXHIBIT 31.2](#)

CERTIFICATION

I, Christopher W. Shean, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Media Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2010

/s/ CHRISTOPHER W. SHEAN

Christopher W. Shean
Senior Vice President and Controller

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[EXHIBIT 31.3](#)

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

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

The Quarterly Report on Form 10-Q for the period ended June 30, 2010 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	<u>August 9, 2010</u>	<u>/s/ GREGORY B. MAFFEI</u> Gregory B. Maffei Chief Executive Officer and President
Dated:	<u>August 9, 2010</u>	<u>/s/ DAVID J.A. FLOWERS</u> David J.A. Flowers Senior Vice President and Treasurer (Principal Financial Officer)
Dated:	<u>August 9, 2010</u>	<u>/s/ CHRISTOPHER W. SHEAN</u> Christopher W. Shean Senior Vice President and Controller (Principal Accounting Officer)

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

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[Exhibit 32](#)

Attributed Financial Information for Tracking Stock Groups

Our Liberty Interactive common stock is intended to reflect the separate performance of our Interactive Group which is comprised of our businesses engaged in video and on-line commerce, including our subsidiaries, QVC, Inc., Provide Commerce, Inc., Backcountry.com, Inc., Bodybuilding.com, LLC and BuySeasons, Inc. and our interests in IAC/InterActiveCorp, Expedia, Inc., HSN, Inc., Interval Leisure Group, Inc. and Tree.com, Inc. Our Liberty Starz common stock is intended to reflect the separate performance of our Starz Group which primarily includes our wholly-owned subsidiary Starz Entertainment, LLC. Our Liberty Capital common stock is intended to reflect the separate performance of our Capital Group which is comprised of all of our assets and businesses not attributed to the Interactive Group or the Starz Group.

The following tables present our assets, liabilities, revenue, expenses and cash flows as of and for the periods ended June 30, 2010 and 2009. The tables further present our assets, liabilities, revenue, expenses and cash flows that are attributed to the Interactive Group, the Starz Group and the Capital Group, respectively. The financial information should be read in conjunction with our unaudited condensed consolidated financial statements for the three and six month periods ended June 30, 2010 included in this Quarterly Report on Form 10-Q.

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

SUMMARY ATTRIBUTED FINANCIAL DATA

Interactive Group

	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
	<u>amounts in millions</u>	
Summary balance sheet data:		
Current assets	\$ 3,138	3,379
Cost investments	\$ 281	734
Equity investments	\$ 865	895
Total assets	\$ 16,320	17,343
Long-term debt, including current portion	\$ 6,095	6,073
Long-term deferred income tax liabilities	\$ 2,655	1,939
Attributed net assets	\$ 5,716	6,794

	<u>Three months ended</u> <u>June 30,</u>		<u>Six months ended</u> <u>June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>amounts in millions</u>			
Summary operations data:				
Revenue	\$ 2,053	1,936	4,078	3,767
Cost of sales	(1,284)	(1,208)	(2,578)	(2,391)
Operating expenses	(190)	(175)	(376)	(347)
Selling, general and administrative expenses(1)	(166)	(152)	(352)	(297)
Depreciation and amortization	(139)	(135)	(280)	(282)
Operating income	274	266	492	450
Interest expense	(163)	(110)	(310)	(206)
Share of earnings of affiliates, net	36	—	59	—
Realized and unrealized gains on financial instruments	7	—	32	—
Gains on disposition, net	—	—	364	—
Other expense, net	(20)	75	(46)	(102)
Income tax expense	(69)	(95)	(206)	(54)
Net earnings	65	136	385	88
Less net earnings attributable to the noncontrolling interests	7	8	17	17
Net earnings attributable to Liberty Media Corporation shareholders	\$ 58	128	368	71

- (1) Includes stock-based compensation of \$15 million and \$11 million for the three months ended June 30, 2010 and 2009, respectively, and \$37 million and \$21 million for the six months ended June 30, 2010 and 2009, respectively.

SUMMARY ATTRIBUTED FINANCIAL DATA

Starz Group

	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
	amounts in millions	
Summary balance sheet data:		
Current assets	\$ 1,850	1,544
Total assets	\$ 2,497	2,198
Long-term debt, including current portion	\$ 46	48
Attributed net assets	\$ 2,169	2,040

	<u>Three months ended</u> <u>June 30,</u>		<u>Six months ended</u> <u>June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	amounts in millions			
Summary operations data:				
Revenue	\$ 311	299	618	596
Operating expenses	(172)	(160)	(337)	(322)
Selling, general and administrative expenses(1)	(39)	(58)	(84)	(106)
Depreciation and amortization	(4)	(6)	(9)	(12)
Operating income	96	75	188	156
Other income (expense), net	(1)	3	—	—
Income tax expense	(34)	(19)	(70)	(37)
Earnings from continuing operations	61	59	118	119
Earnings from discontinued operations	—	90	—	111
Net earnings	\$ 61	149	118	230

- (1) Includes stock-based compensation of \$3 million and \$23 million for the three months ended June 30, 2010 and 2009, respectively, and \$9 million and \$40 million for the six months ended June 30, 2010 and 2009, respectively.

SUMMARY ATTRIBUTED FINANCIAL DATA

Capital Group

	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
	<u>amounts in millions</u>	
Summary balance sheet data:		
Current assets	\$ 2,544	4,087
Cost investments	\$ 3,768	3,355
Total assets	\$ 8,186	9,373
Long-term debt, including current portion	\$ 2,014	3,653
Deferred income tax liabilities, including current portion	\$ 1,279	2,260
Attributed net assets	\$ 2,224	1,275

	<u>Three months ended</u> <u>June 30,</u>		<u>Six months ended</u> <u>June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>amounts in millions</u>			
Summary operations data:				
Revenue	\$ 200	199	366	324
Operating expenses	(196)	(142)	(301)	(235)
Selling, general and administrative expenses(1)	(66)	(54)	(181)	(119)
Depreciation and amortization	(21)	(22)	(37)	(42)
Operating loss	(83)	(19)	(153)	(72)
Interest expense	(10)	(33)	(33)	(73)
Realized and unrealized gains (losses) on financial instruments, net	(88)	239	55	40
Other income, net	50	157	57	175
Income tax benefit (expense)	46	(143)	11	(29)
Net earnings (loss)	\$ (85)	201	(63)	41

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- (1) Includes stock-based compensation of \$3 million and \$1 million for the three months ended June 30, 2010 and 2009, respectively, and \$14 million and \$2 million for the six months ended June 30, 2010 and 2009, respectively.

BALANCE SHEET INFORMATION
June 30, 2010
(unaudited)

	Attributed (note 1)			Inter-group eliminations	Consolidated Liberty
	Interactive Group	Starz Group	Capital Group		
amounts in millions					
<i>Assets</i>					
Current assets:					
Cash and cash equivalents	\$ 1,100	946	2,060	—	4,106
Trade and other receivables, net	1,005	194	128	—	1,327
Inventory, net	956	—	—	—	956
Program rights	—	508	—	—	508
Current deferred tax assets	—	61	—	(61)	—
Other current assets	77	141	356	(14)	560
Total current assets	3,138	1,850	2,544	(75)	7,457
Investments in available-for-sale securities and other cost investments (note 2)	281	21	3,768	—	4,070
Investments in affiliates, accounted for using the equity method (note 3)	865	—	152	—	1,017
Property and equipment, net	993	103	157	—	1,253
Goodwill	5,824	133	200	—	6,157
Trademarks	2,492	2	—	—	2,494
Other non-amortizable intangibles	—	—	153	—	153
Intangible assets subject to amortization, net	2,644	1	179	—	2,824
Other assets, at cost, net of accumulated amortization	83	387	1,033	(81)	1,422
Total assets	\$ 16,320	2,497	8,186	(156)	26,847
<i>Liabilities and Equity</i>					
Current liabilities:					
Accounts payable	\$ 450	6	11	—	467
Accrued liabilities	575	181	154	—	910
Intergroup payable (receivable)	32	(104)	72	—	—
Financial instruments	164	—	910	—	1,074
Current portion of debt (note 4)	703	4	84	—	791
Current deferred tax liabilities	104	—	1,279	(61)	1,322
Other current liabilities	157	142	316	(14)	601
Total current liabilities	2,185	229	2,826	(75)	5,165
Long-term debt (note 4)	5,392	42	1,930	—	7,364
Deferred income tax liabilities	2,655	9	—	(81)	2,583
Other liabilities	254	48	1,207	—	1,509
Total liabilities	10,486	328	5,963	(156)	16,621
Equity/Attributed net assets	5,716	2,169	2,224	—	10,109
Noncontrolling interests in equity of subsidiaries	118	—	(1)	—	117
Total liabilities and equity	\$ 16,320	2,497	8,186	(156)	26,847

STATEMENT OF OPERATIONS AND COMPREHENSIVE EARNINGS (LOSS) INFORMATION
Three months ended June 30, 2010
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Interactive Group	Starz Group	Capital Group	
	amounts in millions			
Revenue:				
Net retail sales	\$ 2,053	—	—	2,053
Communications and programming services	—	311	200	511
	<u>2,053</u>	<u>311</u>	<u>200</u>	<u>2,564</u>
Operating costs and expenses:				
Cost of sales	1,284	—	—	1,284
Operating	190	172	196	558
Selling, general and administrative, including stock-based compensation (note 5)	166	39	66	271
Depreciation and amortization	139	4	21	164
	<u>1,779</u>	<u>215</u>	<u>283</u>	<u>2,277</u>
Operating income (loss)	274	96	(83)	287
Other income (expense):				
Interest expense	(163)	(1)	(10)	(174)
Intergroup interest income (expense)	1	—	(1)	—
Share of earnings of affiliates, net (note 3)	36	—	3	39
Realized and unrealized gains (losses) on financial instruments, net	7	—	(88)	(81)
Gains on dispositions, net	—	—	25	25
Other, net	(21)	—	23	2
	<u>(140)</u>	<u>(1)</u>	<u>(48)</u>	<u>(189)</u>
Earnings (loss) before income taxes	134	95	(131)	98
Income tax (expense) benefit				
	(69)	(34)	46	(57)
Net earnings (loss)	<u>65</u>	<u>61</u>	<u>(85)</u>	<u>41</u>
Less net earnings (loss) attributable to the noncontrolling interests	7	—	(3)	4
Net earnings (loss) attributable to Liberty Media Corporation shareholders	<u>\$ 58</u>	<u>61</u>	<u>(82)</u>	<u>37</u>
Net earnings (loss)	<u>\$ 65</u>	<u>61</u>	<u>(85)</u>	<u>41</u>
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	(50)	—	—	(50)
Unrealized holding losses arising during the period	(6)	—	(61)	(67)
Recognition of previously unrealized gains on available-for-sale securities, net	(1)	—	(13)	(14)
Share of other comprehensive loss of equity affiliates	(6)	—	—	(6)
Other, net	12	—	—	12
Other comprehensive loss	<u>(51)</u>	<u>—</u>	<u>(74)</u>	<u>(125)</u>
Comprehensive earnings (loss)	14	61	(159)	(84)
Less comprehensive earnings attributable to the noncontrolling interests	—	—	11	11
Comprehensive earnings (loss) attributable to Liberty Media Corporation shareholders	<u>\$ 14</u>	<u>61</u>	<u>(170)</u>	<u>(95)</u>

STATEMENT OF OPERATIONS AND COMPREHENSIVE EARNINGS (LOSS) INFORMATION Three months ended June 30, 2009
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Interactive Group	Starz Group	Capital Group	
	amounts in millions			
Revenue:				
Net retail sales	\$ 1,936	—	—	1,936
Communications and programming services	—	299	199	498
	<u>1,936</u>	<u>299</u>	<u>199</u>	<u>2,434</u>
Operating costs and expenses:				
Cost of sales	1,208	—	—	1,208
Operating	175	160	142	477
Selling, general and administrative, including stock-based compensation (notes 1 and 5)	152	58	54	264
Depreciation and amortization	135	6	22	163
	<u>1,670</u>	<u>224</u>	<u>218</u>	<u>2,112</u>
Operating income (loss)	266	75	(19)	322
Other income (expense):				
Interest expense	(110)	—	(33)	(143)
Intergroup interest income (expense)	(2)	1	1	—
Share of earnings (loss) of affiliates, net	12	(2)	4	14
Realized and unrealized gains on financial instruments, net	25	2	239	266
Gains (losses) on dispositions, net	(1)	1	113	113
Other, net	41	1	39	81
	<u>(35)</u>	<u>3</u>	<u>363</u>	<u>331</u>
Earnings from continuing operations before income taxes	231	78	344	653
Income tax expense (note 6)	(95)	(19)	(143)	(257)
Earnings from continuing operations	136	59	201	396
Earnings from discontinued operations, net of taxes	—	90	—	90
Net earnings	136	149	201	486
Less net earnings attributable to the noncontrolling interests	8	—	—	8
Net earnings attributable to Liberty Media Corporation shareholders	\$ 128	149	201	478
Net earnings	<u>\$ 136</u>	<u>149</u>	<u>201</u>	<u>486</u>
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	67	6	1	74
Unrealized holding gains (losses) arising during the period	12	(1)	10	21
Share of other comprehensive earnings (losses) of equity affiliates	10	(5)	—	5
Other comprehensive loss from discontinued operations	—	(5)	—	(5)
Other, net	20	—	—	20
Other comprehensive earnings (loss)	<u>109</u>	<u>(5)</u>	<u>11</u>	<u>115</u>
Comprehensive earnings	245	144	212	601
Less comprehensive earnings attributable to the noncontrolling interests	11	—	—	11
Comprehensive earnings attributable to Liberty Media Corporation shareholders	<u>\$ 234</u>	<u>144</u>	<u>212</u>	<u>590</u>

STATEMENT OF OPERATIONS AND COMPREHENSIVE EARNINGS INFORMATION
Six months ended June 30, 2010
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Interactive Group	Starz Group	Capital Group	
	amounts in millions			
Revenue:				
Net retail sales	\$ 4,078	—	—	4,078
Communications and programming services	—	618	366	984
	<u>4,078</u>	<u>618</u>	<u>366</u>	<u>5,062</u>
Operating costs and expenses:				
Cost of sales	2,578	—	—	2,578
Operating	376	337	301	1,014
Selling, general and administrative including stock-based compensation (notes 1 and 5)	352	84	181	617
Depreciation and amortization	280	9	37	326
	<u>3,586</u>	<u>430</u>	<u>519</u>	<u>4,535</u>
Operating income (loss)	492	188	(153)	527
Other income (expense):				
Interest expense	(310)	(1)	(33)	(344)
Intergroup interest income (expense)	(3)	2	1	—
Share of earnings (losses) of affiliates, net	59	—	(11)	48
Realized and unrealized gains (losses) on financial instruments, net	32	(1)	55	86
Gains on dispositions, net	364	—	24	388
Other, net	(43)	—	43	—
	<u>99</u>	<u>—</u>	<u>79</u>	<u>178</u>
Earnings (loss) before income taxes	591	188	(74)	705
Income tax (expense) benefit (note 6)	(206)	(70)	11	(265)
Net earnings (loss)	385	118	(63)	440
Less net earnings (loss) attributable to the noncontrolling interests	17	—	(3)	14
Net earnings (loss) attributable to Liberty Media Corporation shareholders	<u>\$ 368</u>	<u>118</u>	<u>(60)</u>	<u>426</u>
Net earnings (loss)	<u>\$ 385</u>	<u>118</u>	<u>(63)</u>	<u>440</u>
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	(102)	—	—	(102)
Unrealized holding gains (loss) arising during the period	29	—	(31)	(2)
Recognition of previously unrealized gains on available-for-sale securities, net	(113)	—	(13)	(126)
Share of other comprehensive loss of equity affiliates	(1)	—	—	(1)
Reattribution of other comprehensive income between tracking stocks	(30)	—	30	—
Other	25	—	—	25
Other comprehensive loss	<u>(192)</u>	<u>—</u>	<u>(14)</u>	<u>(206)</u>
Comprehensive earnings (loss)	193	118	(77)	234
Less comprehensive earnings attributable to the noncontrolling interests	9	—	11	20
Comprehensive earnings (loss) attributable to Liberty Media Corporation shareholders	<u>\$ 184</u>	<u>118</u>	<u>(88)</u>	<u>214</u>

STATEMENT OF OPERATIONS AND COMPREHENSIVE EARNINGS INFORMATION
Six months ended June 30, 2009
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Interactive Group	Starz Group	Capital Group	
	amounts in millions			
Revenue:				
Net retail sales	\$ 3,767	—	—	3,767
Communications and programming services	—	596	324	920
	<u>3,767</u>	<u>596</u>	<u>324</u>	<u>4,687</u>
Operating costs and expenses:				
Cost of sales	2,391	—	—	2,391
Operating	347	322	235	904
Selling, general and administrative including stock-based compensation (notes 1 and 5)	297	106	119	522
Depreciation and amortization	282	12	42	336
	<u>3,317</u>	<u>440</u>	<u>396</u>	<u>4,153</u>
Operating income (loss)	450	156	(72)	534
Other income (expense):				
Interest expense	(206)	(1)	(73)	(280)
Intergroup interest income (expense)	(2)	1	1	—
Share of losses of affiliates, net	(83)	(4)	(4)	(91)
Realized and unrealized gains (losses) on financial instruments, net	(47)	9	40	2
Gains (losses) on dispositions, net	(3)	1	113	111
Other, net	33	(6)	65	92
	<u>(308)</u>	<u>—</u>	<u>142</u>	<u>(166)</u>
Earnings from continuing operations before income taxes	142	156	70	368
Income tax expense (note 6)	(54)	(37)	(29)	(120)
Earnings from continuing operations	88	119	41	248
Earnings from discontinued operations, net of taxes	—	111	—	111
Net earnings	88	230	41	359
Less net earnings attributable to the noncontrolling interests	17	—	—	17
Net earnings attributable to Liberty Media Corporation shareholders	\$ 71	230	41	342
Net earnings	<u>\$ 88</u>	<u>230</u>	<u>41</u>	<u>359</u>
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	(20)	6	1	(13)
Unrealized holding gains (losses) arising during the period	8	(2)	13	19
Recognition of previously unrealized losses on available-for-sale securities, net	1	1	—	2
Share of other comprehensive loss of equity affiliates	(5)	(5)	—	(10)
Other comprehensive loss from discontinued operations	—	(6)	—	(6)
Other	37	—	—	37
Other comprehensive earnings (loss)	21	(6)	14	29
Comprehensive earnings	109	224	55	388
Less comprehensive earnings attributable to the noncontrolling interests	7	—	—	7
Comprehensive earnings attributable to Liberty Media Corporation shareholders	<u>\$ 102</u>	<u>224</u>	<u>55</u>	<u>381</u>

STATEMENT OF CASH FLOWS INFORMATION
Six months ended June 30, 2010
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Interactive Group	Starz Group	Capital Group	
	amounts in millions			
Cash flows from operating activities:				
Net earnings	\$ 385	118	(63)	440
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	280	9	37	326
Stock-based compensation	37	9	14	60
Cash payments for stock based compensation	(11)	(29)	—	(40)
Noncash interest expense	49	—	1	50
Share of losses (earnings) of affiliates, net	(59)	—	11	(48)
Cash receipts from return on equity investments	10	—	—	10
Realized and unrealized gains (losses) on financial instruments, net	(32)	1	(55)	(86)
Gains on disposition of assets, net	(364)	—	(24)	(388)
Intergroup tax allocation	99	57	(156)	—
Intergroup tax payments	(190)	17	173	—
Deferred income tax expense	66	12	28	106
Other noncash charges, net	31	12	69	112
Changes in operating assets and liabilities				
Current and other assets	241	(72)	(81)	88
Payables and other current liabilities	(342)	70	173	(99)
Net cash provided by operating activities	200	204	127	531
Cash flows from investing activities:				
Cash proceeds from dispositions	459	29	30	518
Proceeds (payments) related to settlement of financial instruments	(31)	—	750	719
Investments in and loans to cost and equity investees	—	—	(257)	(257)
Repayment of loan by equity investee	—	—	98	98
Capital expended for property and equipment	(123)	(1)	(5)	(129)
Net purchases of short term investments	—	(137)	(170)	(307)
Net (increase) decrease in restricted cash	1	(20)	(11)	(30)
Reattribution of cash	807	—	(807)	—
Other investing activities, net	(8)	—	6	(2)
Net cash provided (used) by investing activities	1,105	(129)	(366)	610
Cash flows from financing activities:				
Borrowings of debt	1,048	—	88	1,136
Repayments of debt	(1,763)	(2)	(973)	(2,738)
Intergroup debt borrowings/(repayments)	(316)	158	158	—
Repurchases of Liberty common stock	—	(40)	(286)	(326)
Other financing activities, net	(43)	(39)	155	73
Net cash provided (used) by financing activities	(1,074)	77	(858)	(1,855)
Effect of foreign currency rates on cash	(15)	—	—	(15)
Net increase (decrease) in cash and cash equivalents	216	152	(1,097)	(729)
Cash and cash equivalents at beginning of period	884	794	3,157	4,835
Cash and cash equivalents at end period	\$ 1,100	946	2,060	4,106

STATEMENT OF CASH FLOWS INFORMATION
Six months ended June 30, 2009
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Interactive Group	Starz Group	Capital Group	
	amounts in millions			
Cash flows from operating activities:				
Net earnings	\$ 88	230	41	359
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Earnings from discontinued operations	—	(111)	—	(111)
Depreciation and amortization	282	12	42	336
Stock-based compensation	21	40	2	63
Cash payments for stock based compensation	(9)	(2)	—	(11)
Noncash interest expense	39	35	—	74
Share of losses of affiliates, net	83	4	4	91
Realized and unrealized losses (gains) on financial instruments, net	47	(9)	(40)	(2)
Losses (gains) on disposition of assets, net	3	(1)	(113)	(111)
Intergroup tax allocation	97	57	(154)	—
Intergroup tax payments	(138)	(117)	255	—
Other intergroup cash transfers, net	8	(4)	(4)	—
Deferred income tax expense (benefit)	(96)	(22)	59	(59)
Other noncash charges (credits), net	(22)	(29)	35	(16)
Changes in operating assets and liabilities, net of the effects of acquisitions:				
Current assets	350	(1)	34	383
Payables and other current liabilities	(234)	23	64	(147)
Net cash provided by operating activities	<u>519</u>	<u>105</u>	<u>225</u>	<u>849</u>
Cash flows from investing activities:				
Cash proceeds from dispositions	72	2	346	420
Proceeds from settlement of financial instruments	—	21	40	61
Investments in and loans to cost and equity investees	(23)	—	(586)	(609)
Capital expenditures	(84)	(2)	(7)	(93)
Net sales of short term investments	—	—	59	59
Net decrease (increase) in restricted cash	(13)	1	36	24
Other investing activities, net	(1)	(35)	(4)	(40)
Net cash used by investing activities	<u>(49)</u>	<u>(13)</u>	<u>(116)</u>	<u>(178)</u>
Cash flows from financing activities:				
Borrowings of debt	15	—	1,964	1,979
Intergroup debt borrowings	502	(251)	(251)	—
Repayments of debt	(760)	(2)	(973)	(1,735)
Repurchases of Liberty common stock	—	—	(3)	(3)
Other financing activities, net	(97)	—	31	(66)
Net cash provided (used) by financing activities	<u>(340)</u>	<u>(253)</u>	<u>768</u>	<u>175</u>
Effect of foreign currency rates on cash	(16)	(8)	—	(24)
Net cash provided by discontinued operations:				
Cash used by operating activities	—	(3)	—	(3)
Cash used by investing activities	—	(17)	—	(17)
Cash provided by financing activities	—	—	—	—
Change in available cash held by discontinued operations	—	45	—	45
Net cash provided by discontinued operations	<u>—</u>	<u>25</u>	<u>—</u>	<u>25</u>
Net increase (decrease) in cash and cash equivalents	114	(144)	877	847
Cash and cash equivalents at beginning of period	832	732	1,496	3,060
Cash and cash equivalents at end period	<u>\$ 946</u>	<u>588</u>	<u>2,373</u>	<u>3,907</u>

Notes to Attributed Financial Information

(unaudited)

- (1) The assets attributed to our Interactive Group include our consolidated subsidiaries QVC, Inc., Provide Commerce, Inc., Backcountry.com, Inc., Bodybuilding.com, LLC and BuySeasons, Inc., and our interests in IAC/InterActiveCorp, GSI Commerce, Inc., Expedia, Inc., HSN, Inc., Interval Leisure Group, Inc. and Tree.com, Inc. Accordingly, the accompanying attributed financial information for the Interactive Group includes our investments in IAC/InterActiveCorp, Expedia, GSI, HSN, Interval and Lending Tree, as well as the assets, liabilities, revenue, expenses and cash flows of QVC, Provide, Backcountry, Bodybuilding and BuySeasons. We have also attributed certain of our debt obligations (and related interest expense) to the Interactive Group based upon a number of factors, including the cash flow available to the Interactive Group and its ability to pay debt service and our assessment of the optimal capitalization for the Interactive Group. The specific debt obligations attributed to each of the Interactive Group, the Starz Group and the Capital Group are described in note 4 below. In addition, we have allocated certain corporate general and administrative expenses among the Interactive Group, the Starz Group and the Capital Group as described in note 5 below.

The Interactive Group focuses on video and on-line commerce businesses. Accordingly, we expect that businesses that we may acquire in the future that we believe are complementary to this strategy will also be attributed to the Interactive Group.

The Starz Group consists primarily of our subsidiary Starz Entertainment, LLC and approximately \$583 million of corporate cash. Accordingly, the accompanying attributed financial information for the Starz Group includes these investments and the assets, liabilities, revenue, expenses and cash flows of these consolidated subsidiaries.

The Starz Group focuses primarily on video programming. Accordingly, we expect that businesses we may acquire in the future that we believe are complementary to this strategy will also be attributed to the Starz Group.

The Capital Group consists of all of our businesses not included in the Interactive Group or the Starz Group, including our consolidated subsidiaries Starz Media, LLC, Atlanta National League Baseball Club, Inc., TruePosition, Inc. and certain cost and equity investments. Accordingly, the accompanying attributed financial information for the Capital Group includes these investments and the assets, liabilities, revenue, expenses and cash flows of these consolidated subsidiaries. In addition, we have attributed to the Capital Group all of our notes and debentures (and related interest expense) that have not been attributed to the Interactive Group or the Starz Group. See note 4 below for the debt obligations attributed to the Capital Group.

Any businesses that we may acquire in the future that are not attributed to the Interactive Group or the Entertainment Group will be attributed to the Capital Group.

While we believe the allocation methodology described above is reasonable and fair to each group, we may elect to change the allocation methodology in the future. In the event we elect to transfer assets or businesses from one group to the other, such transfer would be made on a fair value basis and would be accounted for as a short-term loan unless our board of directors determines to account for it as a long-term loan or through an inter-group interest.

On February 25, 2010, Liberty announced that its board of directors had resolved to effect the following changes in attribution between the Capital Group and the Interactive Group, effective immediately (the "Reattribution"):

- the change in attribution from the Interactive Group to the Capital Group of Liberty's 14.6% ownership interest in Live Nation Entertainment, Inc.;

Notes to Attributed Financial Information (Continued)

(unaudited)

- the change in attribution from the Capital Group to the Interactive Group of the following debt securities:
 - \$469 million in principal amount of 4% Exchangeable Senior Debentures due 2029 (the "2029 Exchangeables");
 - \$460 million in principal amount of 3.75% Exchangeable Senior Debentures due 2030 (the "2030 Exchangeables"); and
 - \$492 million in principal amount of 3.5% Exchangeable Senior Debentures due 2031 (the "2031 Exchangeables", and together with the 2029 Exchangeables and the 2030 Exchangeables, the "Exchangeable Notes");
- the change in attribution from the Capital Group to the Interactive Group of approximately \$830 million in net taxable income to be recognized ratably in tax years 2014 through 2018 as a result of the cancellation in April 2009 of \$400 million in principal amount of 2029 Exchangeables and \$350 million in principal amount of 2030 Exchangeables; and
- the change in attribution from the Capital Group to the Interactive Group of \$807 million in cash.

Liberty has accounted for the Reattribution prospectively. This change in attribution had no effect on the assets and liabilities attributed to the Starz Group.

The reattribution between the groups resulted in the following impact to attributed net assets:

	<u>Interactive Group increase (decrease)</u>	<u>Capital Group increase (decrease)</u>
	<u>amounts in millions</u>	
Assets:		
Cash	\$ 807	(807)
Investment in available-for-sale securities	(307)	307
Net increase (decrease) to assets	<u>500</u>	<u>(500)</u>
Liabilities (including accumulated other comprehensive earnings:		
Exchangeable senior debentures (including accrued interest)	767	(767)
Deferred tax liabilities	1,048	(1,048)
Accumulated other comprehensive earnings	(30)	30
Net increase (decrease) to liabilities	<u>1,785</u>	<u>(1,785)</u>
 Impact to attributed net assets	 <u>\$ (1,285)</u>	 <u>1,285</u>

The assets and liabilities were reattributed at their book values versus the estimated fair values of those assets and liabilities that were considered by our board of directors, among other factors, in approving the reattribution. As a result, on a book value basis there is a transfer of net assets between the tracking stocks of \$1,285 million. The principal reasons for the difference between fair value and book value is (i) the deferred tax liabilities under GAAP are required to be carried at the gross undiscounted basis difference multiplied by the company's effective tax rate whereas on a fair value basis, these future tax liabilities are not expected to be incurred for many years and therefore their present discounted value is substantially less, and (ii) the senior exchangeables are expected to continue to generate interest deductions for tax purposes in excess of the annual cash

Notes to Attributed Financial Information (Continued)

(unaudited)

coupon over their remaining life, the present value of which is not reflected in the book values of the reattributed assets and liabilities.

During the second quarter of 2009, each of the Starz Group and the Capital Group made intergroup loans to the Interactive Group in the amount of \$250 million. Such loans (i) are secured by various public stocks attributed to the Interactive Group, (ii) accrue interest quarterly at the rate of LIBOR plus 500 basis points and (iii) are due June 16, 2010. In the first quarter of 2010, the Interactive Group repaid the remaining balance of the intergroup loans by making payments of \$158 million to each of the Starz Group and the Capital Group.

During the second quarter of 2010, Liberty announced that its board of directors has authorized its management to proceed with a plan to separate its Liberty Capital and Liberty Starz tracking stock groups from its Liberty Interactive tracking stock group.

The proposed split-off will be effected by the redemption of all the outstanding shares of Liberty Capital tracking stock and Liberty Starz tracking stock in exchange for shares in a newly formed company ("Splitco"). Splitco will hold substantially all the assets and be subject to substantially all the liabilities currently attributed to the Liberty Capital and Liberty Starz tracking stock groups. The common stock of Splitco will be divided into two tracking stock groups, one tracking assets that are currently attributed to the Liberty Capital group ("Splitco Capital") and the other tracking assets that are currently attributed to the Liberty Starz group ("Splitco Starz"). In the redemption, holders of Liberty Capital tracking stock will receive shares of Splitco Capital tracking stock and holders of Liberty Starz tracking stock will receive shares of Splitco Starz tracking stock. After the redemption, Splitco and Liberty will be separate public companies.

The proposed split-off is intended to be tax-free to stockholders of Liberty and its completion will be subject to various conditions including the receipt of IRS private letter rulings, the opinions of tax counsel and required governmental approvals. The redemption that is necessary to effect the proposed split-off will require the affirmative vote of a majority of the voting power of the outstanding shares of Liberty Capital tracking stock and Liberty Starz tracking stock at a meeting called to consider the redemption, each voting as a separate class.

On August 6, 2010, Liberty announced that it had filed suit in the Delaware Court of Chancery against the trustee under the indenture governing the public indebtedness issued by the Company's subsidiary, Liberty Media, LLC. The lawsuit was filed in response to allegations made by a law firm purporting to represent a holder with a large position in this public indebtedness. The lawsuit seeks a declaratory judgment by the court that the proposed split-off will not constitute a disposition of "all or substantially all" of the assets of Liberty Media, LLC, as those terms are used in the indenture, as well as related injunctive relief. Resolution of the subject matter of this lawsuit is a condition to Liberty completing the proposed split-off. Subject to the satisfaction of the conditions described above, Liberty intends to complete the proposed split-off in late 2010 or early 2011.

Notes to Attributed Financial Information (Continued)

(unaudited)

- (2) Investments in available-for-sale securities, including non-strategic securities, and other cost investments are summarized as follows:

	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
	<u>amounts in millions</u>	
Capital Group		
Time Warner Inc.(a)	\$ 990	997
Time Warner Cable Inc.(a)	447	356
Sprint Nextel Corporation(a)	301	260
Motorola, Inc.(a)	339	403
Viacom, Inc.	238	226
Live Nation Entertainment, Inc.(b)	260	—
CenturyLink, Inc.(a)	179	195
Other available-for-sale equity securities(a)	179	220
SIRIUS XM debt securities(c)	399	300
Other available-for-sale debt securities	429	376
Other cost investments and related receivables	7	22
Total attributed Capital Group	<u>3,768</u>	<u>3,355</u>
Interactive Group		
IAC/InterActiveCorp(d)	281	492
Other(e)	—	242
Total attributed Interactive Group	<u>281</u>	<u>734</u>
Starz Group		
Other	21	31
Total attributed Starz Group	<u>21</u>	<u>31</u>
Consolidated Liberty	<u>\$ 4,070</u>	<u>4,120</u>

- (a) Includes shares pledged as collateral for share borrowing arrangements.
- (b) On January 25, 2010, Live Nation, Inc. and Ticketmaster Entertainment, Inc. completed a merger transaction. Liberty owned approximately 29% of the outstanding common stock of Ticketmaster and received 1.474 shares of Live Nation Entertainment, Inc. for each share of Ticketmaster. As a result of the merger Liberty now owns approximately 15% of combined entity and accounts for the new investment as an AFS security. Liberty recorded the transaction at fair value and recorded a \$178 million gain. At the time of the merger that investment was attributed to the Interactive Group. As a result of the reattribution the Live Nation investment is attributed to the Capital Group.
- (c) During the six months ended June 30, 2010 Liberty acquired \$150 million of SIRIUS XM 8.75% bonds due April 15, 2015 at par and SIRIUS XM repurchased and retired certain public bonds of which Liberty owned approximately \$55 million of principal amounts. Proceeds from the repurchase were approximately \$58 million.
- (d) During the three months ended March 31, 2010, Liberty sold approximately 3.7 million shares of IAC in the open market for cash proceeds of approximately \$77 million. Liberty also physically settled a derivative by delivering 7.5 million shares of IAC for proceeds of

Notes to Attributed Financial Information (Continued)

(unaudited)

\$153 million. The combined gain on the disposition of IAC shares recorded in gains (losses) on dispositions, net was \$53 million.

- (e) During the three months ended March 31, 2010, QVC sold its investment in GSI Commerce for aggregate cash proceeds of \$220 million. QVC recognized a \$132 million gain on the sale.

- (3) The following table presents information regarding certain equity method investments:

	June 30, 2010			Share of earnings (losses) six months ended June 30,	
	Percentage ownership	Carrying value	Market value	2010	2009
	dollar amounts in millions				
Interactive Group					
Expedia	24%	\$ 650	\$ 1,300	\$ 42	\$ 19
Capital Group					
SIRIUS XM(a)	40%	\$ 50	\$ 2,458	\$ —	\$ 4

- (a) As of June 30, 2010, the SIRIUS XM Preferred Stock had a market value of \$2,458 million based on the value of the common stock into which it is convertible.

Notes to Attributed Financial Information (Continued)

(unaudited)

- (4) Debt attributed to the Interactive Group, the Starz Group and the Capital Group is comprised of the following:

	June 30, 2010	
	Outstanding principal	Carrying value
	amounts in millions	
Capital Group		
3.125% Exchangeable Senior Debentures due 2023	\$ 1,138	1,178
Liberty bank facility	750	750
Subsidiary debt	86	86
Total attributed Capital Group debt	1,974	2,014
Interactive Group		
5.7% Senior Notes due 2013	374	373
8.5% Senior Debentures due 2029	287	284
8.25% Senior Debentures due 2030	504	501
4% Exchangeable Senior Debentures due 2029	469	243
3.75% Exchangeable Senior Debentures due 2030	460	232
3.5% Exchangeable Senior Debentures due 2031	492	261
3.25% Exchangeable Senior Debentures due 2031	541	321
QVC 7.125% Senior Secured Notes due 2017	500	500
QVC 7.5% Senior Secured Notes due 2019	1,000	984
QVC 7.375% Senior Secured Notes due 2020	500	500
QVC bank credit facilities	1,825	1,825
Other subsidiary debt	71	71
Total attributed Interactive Group debt	7,023	6,095
Starz Group		
Subsidiary debt	46	46
Total attributed Starz Group debt	46	46
Total debt	\$ 9,043	8,155

- (5) Cash compensation expense for our corporate employees has been allocated among the Interactive Group, the Starz Group and the Capital Group based on the estimated percentage of time spent providing services for each group. Stock compensation is allocated directly to the tracking stock groups based on the underlying stock of the options or other equity awards. Other general and administrative expenses are charged directly to the groups whenever possible and are otherwise allocated based on estimated usage or some other reasonably determined methodology. Amounts allocated from the Capital Group to the Interactive Group and the Starz Group, including stock-based compensation, are as follows:

	Six months ended	
	June 30,	
	2010	2009
	amounts in millions	
Interactive Group	\$ 21	12
Starz Group	\$ 9	40

Notes to Attributed Financial Information (Continued)

(unaudited)

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

- (6) We have accounted for income taxes for the Interactive Group, the Starz Group and the Capital Group in the accompanying attributed financial information in a manner similar to a stand-alone company basis. To the extent this methodology differs from our tax sharing policy, differences have been reflected in the attributed net assets of the groups.
- (7) The Liberty Interactive common stock, the Liberty Starz common stock and the Liberty Capital common stock have voting and conversion rights under our amended charter. Following is a summary of those rights. Holders of Series A common stock of each group are entitled to one vote per share and holders of Series B common stock of each group are entitled to ten votes per share. Holders of Series C common stock of each group, if issued, will be entitled to 1/100th of a vote per share in certain limited cases and will otherwise not be entitled to vote. In general, holders of Series A and Series B common stock vote as a single class. In certain limited circumstances, the board may elect to seek the approval of only the holders of common stock related to our Interactive Group, our Starz Group or our Capital Group.

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

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[Attributed Financial Information for Tracking Stock Groups](#)

[SUMMARY ATTRIBUTED FINANCIAL DATA](#)

[BALANCE SHEET INFORMATION June 30, 2010 \(unaudited\)](#)

[STATEMENT OF OPERATIONS AND COMPREHENSIVE EARNINGS INFORMATION Six months ended June 30, 2010 \(unaudited\)](#)

[STATEMENT OF OPERATIONS AND COMPREHENSIVE EARNINGS INFORMATION Six months ended June 30, 2009 \(unaudited\)](#)

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[STATEMENT OF CASH FLOWS INFORMATION Six months ended June 30, 2009 \(unaudited\)](#)

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Exhibit 99.2

Liberty Media Corporation
Reconciliation of Liberty Media Corporation ("LMC") Net Assets and
Net Earnings to Liberty Media LLC ("LM LLC") Net Assets and Net Earnings

June 30, 2010 (unaudited)
amounts in millions

Liberty Media Corporation Net Assets	\$ 10,226
Reconciling items:	
LMC put option obligations	84
Liberty Media LLC Net Assets	<u>\$ 10,310</u>
Liberty Media Corporation Net Earnings	\$ 440
Reconciling items:	
Unrealized losses on LMC put options	(11)
Liberty Media LLC Net Earnings	<u>\$ 429</u>

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[Liberty Media Corporation Reconciliation of Liberty Media Corporation \("LMC"\) Net Assets and Net Earnings to Liberty Media LLC \("LM LLC"\) Net Assets and Net Earnings June 30, 2010 \(unaudited\) amounts in millions](#)