

**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 March 31, 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 Accelerated filer Non-accelerated filer
(do not check if smaller reporting company) Smaller reporting company

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

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

	Series A	Series B
Liberty Capital common stock	87,965,714	7,381,311
Liberty Interactive common stock	568,101,194	29,250,069
Liberty Starz common stock	48,909,740	2,363,545

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(unaudited)

	March 31, 2010	December 31, 2009
	amounts in millions	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 5,216	4,835
Trade and other receivables, net	1,293	1,518
Inventory, net	1,007	985
Program rights	507	469
Financial instruments (note 8)	340	752
Other current assets	194	168
Total current assets	<u>8,557</u>	<u>8,727</u>
Investments in available-for-sale securities and other cost investments, including \$913 million and \$851 million pledged as collateral for share borrowing arrangements (note 6)	4,343	4,120
Investments in affiliates, accounted for using the equity method (note 7)	959	1,030
Property and equipment, at cost	2,163	2,163
Accumulated depreciation	(885)	(858)
	<u>1,278</u>	<u>1,305</u>
Intangible assets not subject to amortization (note 9):		
Goodwill	6,192	6,225
Trademarks	2,508	2,508
Other	153	153
	<u>8,853</u>	<u>8,886</u>
Intangible assets subject to amortization, net (note 9)	2,915	3,027
Other assets, at cost, net of accumulated amortization	1,542	1,536
Total assets	<u>\$ 28,447</u>	<u>28,631</u>

(continued)

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets, continued

(unaudited)

	March 31, 2010	December 31, 2009
	amounts in millions	
<i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable	\$ 547	598
Accrued liabilities	972	1,037
Financial instruments (note 8)	1,068	1,002
Current portion of debt (note 10)	1,203	1,932
Current deferred income tax liabilities	1,248	1,247
Other current liabilities	429	360
Total current liabilities	<u>5,467</u>	<u>6,176</u>
Long-term debt, including \$2,322 million and \$2,254 million measured at fair value (note 10)	8,031	7,842
Deferred income tax liabilities	2,715	2,675
Other liabilities	1,681	1,700
Total liabilities	<u>17,894</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 89,927,424 shares at March 31, 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 March 31, 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 48,886,240 shares at March 31, 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 March 31, 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 567,853,237 shares at March 31, 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 29,268,069 shares at March 31, 2010 and 29,276,689 shares at December 31, 2009	—	—
Additional paid-in capital	8,914	8,900
Accumulated other comprehensive earnings, net of taxes	272	352
Retained earnings	1,239	850
Total stockholders' equity	<u>10,432</u>	<u>10,109</u>
Noncontrolling interests in equity of subsidiaries	121	129
Total equity	<u>10,553</u>	<u>10,238</u>
Commitments and contingencies (note 13)		
Total liabilities and equity	<u>\$ 28,447</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	
	March 31,	
	2010	2009
	amounts in millions, except per share amounts	
Revenue:		
Net retail sales	\$ 2,025	1,831
Communications and programming services	473	422
	<u>2,498</u>	<u>2,253</u>
Operating costs and expenses:		
Cost of sales	1,294	1,183
Operating	456	427
Selling, general and administrative, including stock-based compensation (note 3)	346	258
Depreciation and amortization	162	173
	<u>2,258</u>	<u>2,041</u>
Operating income	240	212
Other income (expense):		
Interest expense	(170)	(137)
Share of earnings (losses) of affiliates, net (note 7)	9	(105)
Realized and unrealized gains (losses) on financial instruments, net (note 8)	167	(264)
Gains (losses) on dispositions, net (note 6)	363	(2)
Other, net	(2)	11
	<u>367</u>	<u>(497)</u>
Earnings (loss) from continuing operations before income taxes	607	(285)
Income tax benefit (expense)	(208)	137
Earnings (loss) from continuing operations	399	(148)
Earnings from discontinued operations, net of taxes (note 2)	—	21
Net earnings (loss)	399	(127)
Less net earnings attributable to the noncontrolling interests	10	9
Net earnings (loss) attributable to Liberty Media Corporation shareholders	<u>\$ 389</u>	<u>(136)</u>
Net earnings (loss) attributable to Liberty Media Corporation shareholders:		
Liberty Capital common stock	\$ 22	(160)
Liberty Starz common stock	57	81
Liberty Interactive common stock	310	(57)
	<u>\$ 389</u>	<u>(136)</u>

(continued)

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Operations, continued

(unaudited)

	Three months ended	
	March 31,	
	2010	2009
	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	\$.23	(1.67)
Series A and Series B Liberty Starz common stock	\$ 1.14	.12
Series A and Series B Liberty Interactive common stock	\$.52	(.10)
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	\$.22	(1.67)
Series A and Series B Liberty Starz common stock	\$ 1.10	.12
Series A and Series B Liberty Interactive common stock	\$.51	(.10)
Basic net earnings (loss) attributable to Liberty Media Corporation shareholders per common share (note 4):		
Series A and Series B Liberty Capital common stock	\$.23	(1.67)
Series A and Series B Liberty Starz common stock	\$ 1.14	.16
Series A and Series B Liberty Interactive common stock	\$.52	(.10)
Diluted net earnings (loss) attributable to Liberty Media Corporation shareholders per common share (note 4):		
Series A and Series B Liberty Capital common stock	\$.22	(1.67)
Series A and Series B Liberty Starz common stock	\$ 1.10	.16
Series A and Series B Liberty Interactive common stock	\$.51	(.10)

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Comprehensive Earnings (Loss)

(unaudited)

	Three months ended	
	March 31,	
	2010	2009
	amounts in millions	
Net earnings (loss)	\$ 399	(127)
Other comprehensive earnings (loss), net of taxes:		
Foreign currency translation adjustments	(52)	(87)
Unrealized holding gains (losses) arising during the period	65	(2)
Recognition of previously unrealized losses (gains) on available-for-sale securities, net	(112)	2
Share of other comprehensive earnings (loss) of equity affiliates	5	(15)
Other comprehensive loss from discontinued operations	—	(1)
Other	13	17
Other comprehensive loss	(81)	(86)
Comprehensive earnings (loss)	318	(213)
Less comprehensive earnings (loss) attributable to the noncontrolling interests	9	(4)
Comprehensive earnings (loss) attributable to Liberty Media Corporation shareholders	\$ 309	(209)
Comprehensive earnings (loss) attributable to Liberty Media Corporation shareholders:		
Liberty Capital common stock	\$ 82	(157)
Liberty Starz common stock	57	80
Liberty Interactive common stock	170	(132)
	\$ 309	(209)

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Cash Flows

(unaudited)

	Three months ended	
	March 31,	
	2010	2009
	amounts in millions	
Cash flows from operating activities:		
Net earnings (loss)	\$ 399	(127)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Earnings from discontinued operations	—	(21)
Depreciation and amortization	162	173
Stock-based compensation	39	28
Cash payments for stock-based compensation	(29)	—
Noncash interest expense	25	18
Share of (earnings) losses of affiliates, net	(9)	105
Cash receipts from returns on equity investments	5	—
Realized and unrealized (gains) losses on financial instruments, net	(167)	264
Losses (gains) on disposition of assets, net	(363)	2
Deferred income tax (benefit) expense	91	(201)
Other noncash charges, net	43	39
Changes in operating assets and liabilities		
Current and other assets	99	258
Payables and other current liabilities	42	(298)
Net cash provided by operating activities	<u>337</u>	<u>240</u>
Cash flows from investing activities:		
Cash proceeds from dispositions	509	71
Proceeds from settlement of financial instruments, net	414	61
Investments in and loans to cost and equity investees	(176)	(418)
Repayment of loan by equity investee	25	—
Capital expended for property and equipment	(61)	(35)
Net sales of short term investments	35	35
Net (increase) decrease in restricted cash	(44)	12
Other investing activities, net	(8)	(11)
Net cash provided (used) by investing activities	<u>694</u>	<u>(285)</u>
Cash flows from financing activities:		
Borrowings of debt	1,059	1,970
Repayments of debt	(1,667)	(355)
Repurchases of Liberty common stock	(44)	(3)
Other financing activities, net	13	(22)
Net cash provided (used) by financing activities	<u>(639)</u>	<u>1,590</u>
Effect of foreign currency exchange rates on cash	<u>(11)</u>	<u>(37)</u>
Net cash provided by discontinued operations:		
Cash provided by operating activities	—	5
Cash provided by investing activities	—	10
Cash provided by financing activities	—	—
Change in available cash held by discontinued operations	—	27
Net cash provided by discontinued operations	<u>—</u>	<u>42</u>
Net increase in cash and cash equivalents	381	1,550
Cash and cash equivalents at beginning of period	4,835	3,060
Cash and cash equivalents at end of period	<u>\$ 5,216</u>	<u>4,610</u>

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statement Of Equity
(unaudited)
Three months ended March 31, 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	—	—	—	—	—	—	—	—	—	389	10	399
Other comprehensive loss	—	—	—	—	—	—	—	—	(80)	—	(1)	(81)
Stock compensation	—	—	—	—	—	—	—	54	—	—	—	54
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	—	4	—	—	—	4
Series A Liberty Capital stock repurchases	—	—	—	—	—	—	—	(4)	—	—	—	(4)
Series A Liberty Starz stock repurchases	—	—	—	—	—	—	—	(40)	—	—	—	(40)
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(19)	(19)
Other	—	—	—	—	—	—	—	—	—	—	2	2
Balance at March 31, 2010	<u>\$ —</u>	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6</u>	<u>—</u>	<u>8,914</u>	<u>272</u>	<u>1,239</u>	<u>121</u>	<u>10,553</u>

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

**March 31, 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 "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 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 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 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 has 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") and BuySeasons, Inc. ("BuySeasons") 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 \$3,556 million principal amount (as of March 31, 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 \$720 million of corporate cash (as of March 31, 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 Cable Inc., Sprint Nextel Corporation and Live Nation Entertainment, Inc. ("Live Nation"). In addition, Liberty has attributed \$2,480 million of cash, including subsidiary cash, and \$2,267 million principal amount (as of March 31, 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.

(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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

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:	
March 31, 2010	\$ 39
March 31, 2009	\$ 28

In March of 2010, Liberty granted, primarily to QVC employees, 3.5 million options to purchase shares of Series A Liberty Interactive common stock. Such options had a weighted average grant-date fair value of \$5.38 per share. These options vest semi-annually over the 4 year vesting period.

During the three months ended March 31, 2010, Liberty granted, primarily to Starz Entertainment employees, 209,000 options to purchase shares of Series A Liberty Starz common stock. Such options had a weighted average grant-date fair value of \$16.16 per share. These options vest quarterly over the 4 year vesting period.

In addition, during the three months ended March 31, 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	1,087	\$ 34.39	9,702	\$ 14.03	860	\$ 51.17
Exercised	(182)	\$ 13.74	(636)	\$ 4.06	(36)	\$ 30.75
Forfeited/Cancelled/Exchanged	(23)	\$ 11.13	(293)	\$ 6.43	(11)	\$ 35.06
Outstanding at March 31, 2010	<u>5,951</u>	<u>\$ 18.13</u>	<u>49,605</u>	<u>\$ 11.96</u>	<u>3,408</u>	<u>\$ 45.32</u>
Exercisable at March 31, 2010	<u>2,164</u>	<u>\$ 11.94</u>	<u>15,806</u>	<u>\$ 17.48</u>	<u>597</u>	<u>\$ 29.77</u>

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

The following table provides additional information about outstanding options to purchase Liberty common stock at March 31, 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	5,951	\$ 18.13	5.9 years	\$ 108,625	2,164	\$ 11.94	\$ 52,961
Series A Interactive	49,605	\$ 11.96	5.7 years	\$ 241,380	15,806	\$ 17.48	\$ 34,917
Series B Interactive	7,491	\$ 23.41	1.2 years	\$ —	7,491	\$ 23.41	\$ —
Series A Starz	3,408	\$ 45.32	6.7 years	\$ 39,026	597	\$ 29.77	\$ 14,948
Series B Starz	599	\$ 31.33	1.2 years	\$ 13,386	599	\$ 31.33	\$ 13,386

As of March 31, 2010, the total unrecognized compensation cost related to unvested Liberty equity Awards was approximately \$236 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

Liberty Capital basic EPS for the three months ended March 31, 2010 and 2009 was computed by dividing the net earnings attributable to the Capital Group by the weighted average outstanding shares of Liberty Capital common stock for the period (97 million and 96 million, respectively). Fully diluted EPS for the three months ended March 31, 2010 and 2009 includes 2 million and less than 1 million common stock equivalents, respectively. Excluded from diluted EPS for the three months ended March 31, 2010 are approximately 1 million potential common shares because their inclusion would be anti-dilutive.

Series A and Series B Liberty Starz Common Stock

Liberty Starz basic EPS for the three months ended March 31, 2010 and 2009 was computed by dividing the net earnings attributable to the Starz Group by the weighted average outstanding shares of Liberty Starz common stock for the period (50 million and 517 million, respectively). Fully diluted EPS for the three months ended March 31, 2010 and 2009 includes 2 million and 1 million common stock equivalents, respectively. Excluded from diluted EPS for the three months ended March 31, 2010 are approximately 1 million potential common shares because their inclusion would be anti-dilutive.

Series A and Series B Liberty Interactive Common Stock

Liberty Interactive basic EPS for the three months ended March 31, 2010 and 2009 was computed by dividing the net earnings attributable to the Interactive Group by the weighted average outstanding shares of Liberty Interactive common stock for the period (595 million and 594 million, respectively). Fully diluted EPS for the three months ended March 31, 2010 and 2009 includes 7 million and 2 million common stock equivalents, respectively. Excluded from diluted EPS for the three months

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

ended March 31, 2010 are approximately 31 million potential common shares because their inclusion would be anti-dilutive.

(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:

Description	Total	Fair Value Measurements at March 31, 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	\$ 4,313	3,934	379	—
Financial instrument assets	\$ 340	—	340	—
Financial instrument liabilities	\$ 1,106	913	193	—
Debt	\$ 2,322	—	2,322	—

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 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 entered into economic hedges for certain of its non-strategic AFS securities (although such instruments are not accounted for as fair value hedges by

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

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 \$3,211 million as of March 31, 2010.

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

	<u>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
	<u>amounts in millions</u>	
Capital Group		
Time Warner Inc.(1)	\$ 1,070	997
Time Warner Cable Inc.(1)	458	356
Sprint Nextel Corporation ("Sprint")(1)	270	260
Motorola, Inc.(1)	364	403
Viacom, Inc.	261	226
Live Nation(2)	360	—
CenturyTel, Inc./Embarq Corporation(1)	191	195
Other AFS equity securities(1)	218	220
Sirius debt securities(3)	450	300
Other AFS debt securities	379	376
Other cost investments and related receivables	22	22
Total attributed Capital Group	<u>4,043</u>	<u>3,355</u>
Interactive Group		
IAC(4)	292	492
Other(5)	7	242
Total attributed Interactive Group	<u>299</u>	<u>734</u>
Starz Group		
Other	1	31
Total attributed Starz Group	<u>1</u>	<u>31</u>
Consolidated Liberty	<u>\$ 4,343</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.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

- (3) During the three months ended March 31, 2010, Liberty acquired \$150 million of Sirius 8.75% bonds due April 15, 2015 at par.
- (4) 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 \$153 million. The combined gain on the disposition of IAC shares, recorded in gains (losses) on dispositions, net, was \$53 million.
- (5) 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.

Unrealized Holdings Gains and Losses

Unrealized holding gains and losses related to investments in AFS securities are summarized below.

	March 31, 2010		December 31, 2009	
	Equity securities	Debt securities	Equity securities	Debt securities
	amounts in millions			
Gross unrealized holding gains	\$ 188	71	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 March 31, 2010 and the carrying amount at December 31, 2009:

	March 31, 2010		December 31, 2009
	Percentage ownership	Carrying amount	Carrying amount
	dollar amounts in millions		
Interactive Group			
Expedia	24%	634	631
Other	various	207	264
Capital Group			
Sirius	40%	22	33
Other	various	96	102
		\$ 959	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	
	March 31,	
	2010	2009
	amounts in millions	
Interactive Group		
Expedia	14	9
Other	9	(104)
Capital Group		
Sirius	(8)	—
Other	(6)	(8)
Starz Group		
Other	—	(2)
	<u>\$ 9</u>	<u>(105)</u>

Expedia

The market value of the Company's investment in Expedia was \$1,727 million and \$1,781 million at March 31, 2010 and December 31, 2009, respectively. Summarized unaudited financial information for Expedia is as follows:

Expedia Consolidated Balance Sheets

	March 31,	December 31,
	2010	2009
	amounts in millions	
Current assets	<u>\$ 1,713</u>	<u>1,225</u>
Property and equipment	236	237
Goodwill	3,584	3,604
Intangible assets	809	823
Other assets	78	48
Total assets	<u>\$ 6,420</u>	<u>5,937</u>
Current liabilities	<u>\$ 2,444</u>	<u>1,835</u>
Deferred income taxes	230	224
Long-term debt	895	895
Other liabilities	244	233
Noncontrolling interest	68	67
Equity	2,539	2,683
Total liabilities and equity	<u>\$ 6,420</u>	<u>5,937</u>

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

Expedia Consolidated Statements of Operations

	Three months ended	
	March 31,	
	2010	2009
	amounts in millions	
Revenue	\$ 718	636
Cost of revenue	(158)	(144)
Gross profit	560	492
Selling, general and administrative expenses	(439)	(381)
Amortization	(9)	(9)
Restructuring charges and other	—	(9)
Operating income	112	93
Interest expense	(21)	(22)
Other income (expense), net	1	(4)
Income tax expense	(32)	(27)
Net earnings	60	40
Net earnings attributable to noncontrolling interests	(1)	(1)
Net earnings attributable to Expedia, Inc.	\$ 59	39

Sirius XM Radio Inc.

During 2009, Liberty made equity contributions 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"). In addition, Liberty received 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 8.75% debt securities due April 15, 2015 at par. As of March 31, 2010, Liberty owns \$429 million principal amount of SIRIUS XM public bonds, which are accounted for as AFS securities and have a fair market value of \$450 million, and the SIRIUS XM Preferred Stock. Subsequent to quarter end SIRIUS XM

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

repurchased and retired certain public bonds of which Liberty owned approximately \$55 million of the principal amount.

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 December 31, 2009 SIRIUS XM had total assets and liabilities of \$7,264 million and \$7,226 million, respectively. SIRIUS XM's net loss attributable to common shareholders was \$529 million for the year ended December 31, 2009.

As of March 31, 2010, the SIRIUS XM Preferred Stock had a market value of \$2,251 million based on the value of the common stock into which it is convertible.

Liberty's investment in SIRIUS XM has been attributed to the Capital Group.

(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.

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>March 31, 2010</u>	<u>December 31, 2009</u>
	<u>amounts in millions</u>	
Assets		
Equity collars(1)	\$ 340	752
Liabilities		
Borrowed shares(2)	\$ 913	851
Other	193	283
	1,106	1,134
Less current portion	(1,068)	(1,002)
	<u>\$ 38</u>	<u>132</u>

- (1) Represents the Company's Sprint equity collars at March 31, 2010 which mature in the current year. The Company has made borrowings against substantially all of the future cash proceeds to be received by the Company upon expiration of these equity collars.
- (2) The market values of borrowed shares are as follows:

	<u>March 31, 2010</u>	<u>December 31, 2009</u>
	<u>amounts in millions</u>	
Time Warner	\$ 95	88
Time Warner Cable	40	31
Sprint	167	125
Motorola	364	403
CenturyTel	107	84
Other	140	120
	<u>\$ 913</u>	<u>851</u>

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:

	<u>Three months ended March 31,</u>	
	<u>2010</u>	<u>2009</u>
	<u>amounts in millions</u>	
Non-strategic Securities	\$ 209	10
Exchangeable senior debentures	(70)	(235)
Equity collars	2	(70)
Borrowed shares	(3)	5
Other	29	26
	<u>\$ 167</u>	<u>(264)</u>

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(9) Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

	<u>QVC</u>	<u>Starz Entertainment</u>	<u>Other</u>	<u>Total</u>
	amounts in millions			
Balance at January 1, 2010	\$ 5,395	132	698	6,225
Foreign currency translation adjustments	(32)	—	—	(32)
Other	—	—	(1)	(1)
Balance at March 31, 2010	<u>\$ 5,363</u>	<u>132</u>	<u>697</u>	<u>6,192</u>

Intangible Assets Subject to Amortization

Amortization expense for intangible assets with finite useful lives was \$116 million and \$124 million for the three months ended March 31, 2010 and 2009, respectively. Based on its amortizable intangible assets as of March 31, 2010, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

Remainder of 2010	\$ 362
2011	\$ 444
2012	\$ 406
2013	\$ 370
2014	\$ 353

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 March 31, 2010	Carrying value	
		March 31, 2010	December 31, 2009
amounts in millions			
Capital Group			
Exchangeable senior debentures			
3.125% Exchangeable Senior Debentures due 2023	\$ 1,138	1,211	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	379	379	838
Subsidiary debt	106	106	131
Total attributed Capital Group debt	<u>2,373</u>	<u>2,446</u>	<u>3,653</u>
Interactive Group			
Senior notes and debentures			
5.7% Senior Notes due 2013	803	801	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	248	—
3.75% Exchangeable Senior Debentures due 2030	460	230	—
3.5% Exchangeable Senior Debentures due 2031	492	295	—
3.25% Exchangeable Senior Debentures due 2031	541	338	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	1,996	1,996	2,996
Other subsidiary debt	64	64	188
Total attributed Interactive Group debt	<u>7,616</u>	<u>6,741</u>	<u>6,073</u>
Starz Group			
Subsidiary debt	47	47	48
Total attributed Starz Group debt	<u>47</u>	<u>47</u>	<u>48</u>
Total consolidated Liberty debt	<u>\$ 10,036</u>	<u>9,234</u>	<u>9,774</u>
Less current maturities		(1,203)	(1,932)
Total long-term debt		<u>\$ 8,031</u>	<u>7,842</u>

Senior Notes and Debentures

In May of 2010, Liberty commenced a cash tender offer for up to \$400 million aggregate principal amount of the outstanding 5.7% senior notes due 2013. The total consideration payable under the tender offer will be determined based on a modified "Dutch Auction" procedure. The settlement of the tender offer is expected to occur in the second quarter of 2010.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

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 \$1,996 million outstanding principal matures between June 2010 and March 2014 as follows: \$175 million due in 2010; \$452 million due in 2011; \$400 million due in 2012; \$400 million due in 2013; and \$569 million due in 2014.

QVC was in compliance with all of its debt covenants at March 31, 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. 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 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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

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 March 31, 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 March 31, 2010 is as follows (amounts in millions):

Senior notes	\$	811
Senior debentures	\$	738
QVC senior secured notes	\$	2,024

Due to its variable rate nature, Liberty believes that the carrying amount of its subsidiary debt and other parent debt approximated fair value at March 31, 2010.

(11) Stockholders' Equity

As of March 31, 2010, Liberty reserved for issuance upon exercise of outstanding stock options the following:

	Series A	Series B
	amounts in millions	
Liberty Capital common stock	6.0	—
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 March 31, 2010, no shares of any Series C common stock were issued or outstanding.

As of March 31, 2010, put options with respect to 12.6 million shares of LINTA with a weighted average put price of \$17.27 remained outstanding. Such put options expire before November 15, 2010.

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.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(12) Transactions with Related Parties

As discussed in note 2, Liberty previously held an investment in DIRECTV. During the three months ended March 31, 2009, subsidiaries of Liberty recognized aggregate revenue of \$75 million from DIRECTV for distribution of their programming. In addition, subsidiaries of Liberty made aggregate payments of \$8 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 March 31, 2010 is reflected as a liability in the accompanying condensed consolidated balance sheet. The balance due as of March 31, 2010 is payable as follows: \$120 million in 2010 \$5 million in 2011 and \$2 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 March 31, 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 under these agreements is as follows: \$284 million in 2010; \$235 million in 2011; \$93 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 March 31, 2010, Liberty's guarantees for obligations for films released by such date aggregated \$673 million. While the guarantee amount for films not yet released is not determinable, such amount 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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

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 March 31, 2010 aggregated \$196 million, which is payable as follows: \$77 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 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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

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 three months ended March 31, 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

	Three months ended March 31,			
	2010		2009	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
Interactive Group				
QVC	\$ 1,757	366	1,588	317
Corporate and other	268	15	243	24
	<u>2,025</u>	<u>381</u>	<u>1,831</u>	<u>341</u>
Starz Group				
Starz Entertainment	305	106	296	108
Corporate and other	2	(3)	1	(4)
	<u>307</u>	<u>103</u>	<u>297</u>	<u>104</u>
Capital Group				
Starz Media	144	(7)	102	5
Corporate and other	22	(36)	23	(37)
	<u>166</u>	<u>(43)</u>	<u>125</u>	<u>(32)</u>
Consolidated Liberty	<u>\$ 2,498</u>	<u>441</u>	<u>2,253</u>	<u>413</u>

Other Information

	March 31, 2010		
	Total assets	Investments in affiliates	Capital expenditures
	amounts in millions		
Interactive Group			
QVC	\$ 14,562	2	51
Corporate and other	2,587	839	8
	<u>17,149</u>	<u>841</u>	<u>59</u>
Starz Group			
Starz Entertainment	1,677	—	—
Corporate and other	756	—	—
	<u>2,433</u>	<u>—</u>	<u>—</u>
Capital Group			
Starz Media	623	—	1
Corporate and other	8,313	118	1
	<u>8,936</u>	<u>118</u>	<u>2</u>
Inter-group eliminations	<u>(71)</u>	<u>—</u>	<u>—</u>
Consolidated Liberty	<u>\$ 28,447</u>	<u>959</u>	<u>61</u>

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

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

	Three months ended	
	March 31,	
	2010	2009
	amounts in millions	
Consolidated segment Adjusted OIBDA	\$ 441	413
Stock-based compensation	(39)	(28)
Depreciation and amortization	(162)	(173)
Interest expense	(170)	(137)
Share of earnings (losses) of affiliates, net	9	(105)
Realized and unrealized gains (losses) on financial instruments, net	167	(264)
Gains (losses) on dispositions, net	363	(2)
Other, net	(2)	11
Earnings (loss) from continuing operations before income taxes	<u>\$ 607</u>	<u>(285)</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 "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 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 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 has 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 and BuySeasons and our interests in Expedia, HSN, Interval, Lending Tree and IAC. In addition, we have attributed \$3,556 million principal amount (as of March 31, 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 \$720 million of corporate cash (as of March 31, 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, Leisure Arts, TruePosition and WFRV TV Station, and minority equity investments in SIRIUS XM, Live Nation, Time Warner Inc. and Sprint Nextel Corporation. In addition, as of March 31, 2010, we have attributed \$2,480 million of cash, including subsidiary cash, and \$2,267 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.

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 March 31,	
	2010	2009
amounts in millions		
Revenue		
Interactive Group		
QVC	\$ 1,757	1,588
Corporate and other	268	243
	<u>2,025</u>	<u>1,831</u>
Starz Group		
Starz Entertainment	305	296
Corporate and other	2	1
	<u>307</u>	<u>297</u>
Capital Group		
Starz Media	144	102
Corporate and other	22	23
	<u>166</u>	<u>125</u>
Consolidated Liberty	<u>\$ 2,498</u>	<u>2,253</u>
Adjusted OIBDA		
Interactive Group		
QVC	\$ 366	317
Corporate and other	15	24
	<u>381</u>	<u>341</u>
Starz Group		
Starz Entertainment	106	108
Corporate and other	(3)	(4)
	<u>103</u>	<u>104</u>
Capital Group		
Starz Media	(7)	5
Corporate and other	(36)	(37)
	<u>(43)</u>	<u>(32)</u>
Consolidated Liberty	<u>\$ 441</u>	<u>413</u>
Operating Income (Loss)		
Interactive Group		
QVC	\$ 232	177
Corporate and other	(14)	7
	<u>218</u>	<u>184</u>
Starz Group		
Starz Entertainment	99	95
Corporate and other	(7)	(14)
	<u>92</u>	<u>81</u>
Capital Group		
Starz Media	(9)	2
Corporate and other	(61)	(55)
	<u>(70)</u>	<u>(53)</u>
Consolidated Liberty	<u>\$ 240</u>	<u>212</u>

Revenue. Our consolidated revenue increased 10.9% for the three month period ended March 31, 2010, as compared to the corresponding prior year period. The three month increase is due primarily to increases for QVC (\$169 million) with additional increases from Starz Media (\$42 million), our e-commerce businesses (\$25 million) and Starz Entertainment (\$9 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 increased \$28 million or 6.8% for the three months ended March 31, 2010 as compared to the corresponding prior year period. The three month increase is due to an increase at QVC (\$49 million) offset by decreases at Starz Media (\$12 million), the e-commerce businesses (\$9 million) and Starz Entertainment (\$2 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.

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 \$39 million and \$28 million of stock compensation expense for the three months ended March 31, 2010 and 2009, respectively. The increase in stock compensation expense in 2010 relates to our liability classified awards due to an increase in our stock prices and to increased amortization of outstanding option awards. As of March 31, 2010, the total unrecognized compensation cost related to unvested Liberty equity awards was approximately \$236 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 increased \$28 million for the three months ended March 31, 2010 as compared to the corresponding prior year period. The three month increase is primarily the net result of the increases for QVC (\$55 million) and Starz Entertainment (\$4 million) with offsets from Starz Media (\$11 million), the e-commerce businesses (\$9 million) and an increase in our corporate stock compensation.

Other Income and Expense

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

	Three months ended	
	March 31,	
	2010	2009
	amounts in millions	
Interest expense		
Interactive Group	\$ (147)	(96)
Starz Group	—	(1)
Capital Group	(23)	(40)
Consolidated Liberty	<u>\$ (170)</u>	<u>(137)</u>
Share of earnings (losses) of affiliates		
Interactive Group	\$ 23	(95)
Starz Group	—	(2)
Capital Group	(14)	(8)
Consolidated Liberty	<u>\$ 9</u>	<u>(105)</u>
Realized and unrealized gains (losses) on financial instruments, net		
Interactive Group	\$ 25	(72)
Starz Group	(1)	7
Capital Group	143	(199)
Consolidated Liberty	<u>\$ 167</u>	<u>(264)</u>
Gains (losses) on dispositions, net		
Interactive Group	\$ 364	(2)
Starz Group	—	—
Capital Group	(1)	—
Consolidated Liberty	<u>\$ 363</u>	<u>(2)</u>
Other, net		
Interactive Group	\$ (22)	(8)
Starz Group	—	(7)
Capital Group	20	26
Consolidated Liberty	<u>\$ (2)</u>	<u>11</u>

Interest expense. Consolidated interest expense increased 24.1% for the three months ended March 31, 2010 as compared to the corresponding prior year period. The overall increases in interest expense related to higher interest rates on variable rate debt, the additional borrowings at higher fixed rates due to the longer term nature which were used to pay down lower rate debt that is closer to maturity. These increases were offset slightly by lower interest expense related to borrowings against our derivative positions that were repaid during the quarter.

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

	Three months ended	
	March 31,	
	2010	2009
	amounts in millions	
Interactive Group		
Expedia	\$ 14	9
Other	9	(104)
Capital Group		
Sirius	(8)	—
Other	(6)	(8)
Starz Group		
Other	—	(2)
	<u>\$ 9</u>	<u>(105)</u>

The share of losses attributed to the Interactive Group in 2009 include \$46 million for Ticketmaster and \$48 million for HSN. As we record our share of losses for these affiliates on a three month lag, the losses reflected in our first quarter 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	
	March 31,	
	2010	2009
	amounts in millions	
Non-strategic Securities	\$ 209	10
Exchangeable senior debentures	(70)	(235)
Equity collars(1)	2	(70)
Borrowed shares(1)	(3)	5
Other derivatives	29	26
	<u>\$ 167</u>	<u>(264)</u>

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

Gains (losses) 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 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 three months ended March 31, 2010 is 34.3% which is only slightly less than the U.S. federal income tax rate of 35% due to the net impact of state taxes offset by gains on Liberty puts excluded from taxable income.

Net earnings (loss). We had net earnings of \$399 million and a net loss of \$127 million for the three months ended March 31, 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 March 31, 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 (including derivatives), 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 the event we need to obtain external debt financing, such downgrades could hurt our ability to obtain financing and could increase the cost of any financing we are able to obtain.

Interactive Group. During the three months ended March 31, 2010, the Interactive Group's primary uses of cash were \$1,142 million of debt repayments, the repayment of \$316 million in intergroup notes and \$59 million of capital expenditures. These uses of cash were funded primarily with \$1,000 million from the issuance of QVC bonds, \$163 million of cash provided by operating activities, which is net of \$72 million of intercompany tax payments to the Capital Group, \$807 million of cash reattributed from the Capital Group and \$451 million of cash proceeds from the disposition of certain investments. As of March 31, 2010, the Interactive Group had a cash balance of \$1,731 million.

The projected uses of Interactive Group cash for the remainder of 2010 include approximately \$360 million for interest payments on QVC and parent debt attributed to the Interactive Group, up to \$420 million for the debt tender offer commenced subsequent to quarter end, \$175 million in principal payments on other outstanding QVC debt, \$215 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. However, we do not have any commitments to make new investments at this time.

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 March 31, 2010, unused capacity under the QVC Amended Credit Agreements aggregated \$427 million.

QVC was in compliance with its debt covenants as of March 31, 2010.

Starz Group. During the three months ended March 31, 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 \$28 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 March 31, 2010, the Starz Group had a cash balance of \$1,005 million.

The projected uses of Starz Group cash in 2010 include an estimated payment on account of the exercise of stock appreciation rights 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 three months ended March 31, 2010, the Capital Group's primary uses of cash were \$807 million cash reattributed to the Interactive Group and the repayment of \$524 million in outstanding debt, primarily the derivative loans. The uses of cash were funded by cash proceeds of \$445 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 \$35 million for interest payments and repayment of \$379 million on our derivative loans. 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 March 31, 2010, the Capital Group's sources of liquidity include \$2,480 million in cash and \$2,619 million of non-strategic AFS securities including related derivatives. 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.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Information concerning the amount and timing of required payments, both accrued and off-balance sheet, under our contractual obligations is summarized below. This table amends the year-end table to reflect the impacts of the Reattribution as if it had happened as of December 31, 2009.

	Payments due by period				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
amounts in millions					
Attributed Starz Group contractual obligations					
Long-term debt(1)	\$ 48	4	8	9	27
Interest payments(2)	18	3	5	5	5
Programming fees(3)	1,033	511	226	151	145
Operating lease obligations	9	1	2	2	4
Purchase orders and other obligations	8	8	—	—	—
Total Starz Group	1,116	527	241	167	181
Attributed Capital Group contractual obligations					
Long-term debt(1)	2,858	971	759	9	1,119
Interest payments(2)	489	47	78	71	293
Long-term financial instruments	2	—	2	—	—
Operating lease obligations	87	13	24	21	29
Purchase orders and other obligations	247	128	117	2	—
Total Capital Group	3,683	1,159	980	103	1,441
Attributed Interactive Group contractual obligations					
Long-term debt(1)	7,741	561	1,127	2,279	3,774
Interest payments(2)	4,161	453	740	537	2,431
Long-term financial instruments	130	—	130	—	—
Operating lease obligations	132	32	45	26	29
Purchase orders and other obligations	1,065	1,037	28	—	—
Total Interactive Group	13,229	2,083	2,070	2,842	6,234
Consolidated contractual obligations					
Long-term debt(1)	10,647	1,536	1,894	2,297	4,920
Interest payments(2)	4,668	503	823	613	2,729
Programming fees(3)	1,033	511	226	151	145
Long-term financial instruments	132	—	132	—	—
Operating lease obligations	228	46	71	49	62
Purchase orders and other obligations	1,320	1,173	145	2	—
Total consolidated	\$ 18,028	3,769	3,291	3,112	7,856

- (1) Amounts are stated at the face amount at maturity of our debt instruments and may differ from the amounts stated in our consolidated balance sheet to the extent debt instruments (i) were issued at a discount or premium or (ii) have elements which are reported at fair value in our consolidated balance sheet. Also includes capital lease obligations. Amounts do not assume additional borrowings or refinancings of existing debt.
- (2) Amounts (i) are based on our outstanding debt at December 31, 2009, (ii) assume the interest rates on our variable rate debt remain constant at the December 31, 2009 rates and (iii) assume that our existing debt is repaid at maturity.
- (3) Does not include Programming fees for films not yet released theatrically, as such amounts cannot be estimated.

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 and BuySeasons, our interests in IAC, Expedia, HSN, Interval, Lending Tree and \$3,556 million principal amount (as of March 31, 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	
	March 31,	
	2010	2009
	amounts in millions	
Revenue		
QVC	\$ 1,757	1,588
E-commerce businesses	268	243
Corporate and other	—	—
	<u>\$ 2,025</u>	<u>1,831</u>
Adjusted OIBDA		
QVC	\$ 366	317
E-commerce businesses	18	27
Corporate and other	(3)	(3)
	<u>\$ 381</u>	<u>341</u>
Operating Income (Loss)		
QVC	\$ 232	177
E-commerce businesses	4	13
Corporate and other	(18)	(6)
	<u>\$ 218</u>	<u>184</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	
	March 31,	
	2010	2009
	amounts in millions	
Net revenue	\$ 1,757	\$ 1,588
Cost of sales	(1,125)	(1,031)
Gross profit	632	557
Operating expenses	(165)	(158)
SG&A expenses (excluding stock-based compensation)	(101)	(82)
Adjusted OIBDA	366	317
Stock-based compensation	(5)	(4)
Depreciation and amortization	(129)	(136)
Operating income	\$ 232	\$ 177

Net revenue is generated in the following geographical areas:

	Three months ended	
	March 31,	
	2010	2009
	amounts in millions	
QVC-US	\$ 1,156	\$ 1,048
QVC-UK	127	117
QVC-Germany	240	223
QVC-Japan	234	200
	\$ 1,757	\$ 1,588

Net Revenue. QVC's net revenue increased 10.6% during the three months ended March 31, 2010, as compared to the corresponding prior year period. Such increase is comprised of \$171 million related to an increase in the number of units sold, \$32 million due to higher net shipping and handling revenue and \$31 million due to favorable foreign currency rates. These increases were partially offset by a \$32 million decrease due to a 0.8% decrease in the average sales price per unit ("ASP") and a decrease of \$32 million due to an increase in estimated product returns. Returns as a percent of gross product revenue increased to 19.3% from 18.9%.

During the three months ended March 31, 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 dollars and in local currency is as follows:

	Percentage increase in net revenue	
	Three months ended	
	March 31, 2010	
	U.S. dollars	Local currency
QVC-US	10.3%	10.3%
QVC-UK	8.5%	0.1%
QVC-Germany	7.6%	1.5%
QVC-Japan	17.0%	13.4%

For the second 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 quarter ended March 31, 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 accessories and home product areas, and to a lesser extent, the apparel product area. Shipping and handling revenue increased due to increased customer usage of prepaid return labels. The UK showed increased sales in the apparel and beauty product areas but experienced softness in the fine jewelry and the home areas, particularly electronics. QVC-Germany's net revenue increased as it continued to see growth in the beauty, accessories and home product areas. These sales increases were somewhat offset by a decline in jewelry sales and an increase in return rates. QVC-Japan has shown an increase in net revenue due primarily to an increase in fashion and health and beauty product areas.

The QVC service is already received by substantially all of the cable television and direct broadcast satellite homes in the U.S., UK and Germany. In addition, the rate of growth in households is expected to diminish in Japan. Therefore, future sales growth will primarily depend on expansion into new countries, sales growth from our e-commerce platform, 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 to 36.0% from 35.1% during the three months ended March 31, 2010 as compared to the corresponding prior year period primarily due to higher initial product margins in the apparel, jewelry and accessories 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 4.4% for the three months ended March 31, 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 due to the increase in sales. As a percent of net revenue, operating expenses were 9.4% and 9.9% for the three months ended March 31, 2010 and 2009, respectively. The 2010 decrease in operating expenses as a percent of 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 increased 23.2% during the three months ended March 31, 2010 as compared to the corresponding prior year period. This increase is due primarily to an \$11 million increase in personnel expenses primarily related to management bonus compensation, and a \$7 million increase in the bad debt provision. Also included in QVC's SG&A results are \$3 million of costs related to the expected launch of the QVC-Italy service. QVC expects that QVC-Italy will incur an Adjusted OIBDA loss in 2010 of \$30-\$40 million. 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. These increases were partially offset by an increase in credit card income.

Depreciation and amortization. QVC's depreciation and amortization primarily consists of amortization of affiliate agreements and customer relationships (\$81 and \$84 million in 2010 and 2009, respectively) recorded through purchase accounting. QVC has typical property, plant and equipment

depreciation of \$32 million in each of the three months ended March 31, 2010 and 2009, respectively. Additionally, QVC has software and channel placement related amortization that amounted to \$16 million in 2010 and \$20 million in 2009.

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 \$25 million or 10.3% for the three months ended March 31, 2010, as compared to the corresponding prior year period, as each company reported an increase in revenue for the three months, with the exception of Backcountry which reported slightly less revenue than the prior year. 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 quarter by \$7 million. 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. Adjusted OIBDA for the e-commerce businesses decreased 33.3% for the three month period in 2010 and represented 6.7% of revenue in 2010, as compared to 11.1% in 2009. Additionally, for the three months ended March 31, 2010, more costs were incurred associated with two start-ups, LOCKERZ and The Right Start, with limited revenue. 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 \$720 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	
	March 31,	
	2010	2009
	amounts in millions	
Revenue		
Starz Entertainment	\$ 305	296
Corporate and other	2	1
	<u>\$ 307</u>	<u>297</u>
Adjusted OIBDA		
Starz Entertainment	\$ 106	108
Corporate and other	(3)	(4)
	<u>\$ 103</u>	<u>104</u>
Operating Income (Loss)		
Starz Entertainment	\$ 99	95
Corporate and other	(7)	(14)
	<u>\$ 92</u>	<u>81</u>

Revenue. The Starz Group's revenue increased \$10 million or 3.4% for the three months ended March 31, 2010 as compared to the corresponding prior year period.

Adjusted OIBDA. The Starz Group's Adjusted OIBDA remained relatively flat with a slight decrease of \$1 million or 1.0% for the three months ended March 31, 2010 as compared to the corresponding prior year period.

Operating income. Operating income for the Starz Group increased \$11 million or 13.6% for the three months ended March 31, 2010 as compared to the corresponding prior year period. The reduced operating loss for corporate and other for the three months ended March 31, 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 2013. During the three months ended March 31, 2010, 56.0% 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	
	March 31,	
	2010	2009
	amounts in millions	
Revenue	\$ 305	296
Operating expenses	(163)	(161)
SG&A expenses	(36)	(27)
Adjusted OIBDA	106	108
Stock-based compensation	(3)	(9)
Depreciation and amortization	(4)	(4)
Operating income	\$ 99	95

Starz Entertainment's revenue increased 3.0% for the three months ended March 31, 2010 as compared to the corresponding prior year period. The three month increase is comprised of \$3 million due to a higher effective rate for Starz Entertainment's services and \$6 million due to growth in the average number of subscriptions. 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 5.3% for the three months ended March 31, 2010; and EMP average subscriptions decreased 3.1% for the quarter. 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 were relatively flat for the three months ended March 31, 2010 as compared to the corresponding prior year period.

Starz Entertainment's SG&A expenses increased 33.3% for the three months ended March 31, 2010 as compared to the corresponding prior year period. The three month increase is due primarily to higher sales and marketing primarily due to the promotion of a Starz original production *Spartacus*, which premiered in January 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 process for determining the final amount owed for the PSARs will be determined by independent third parties and we have begun this process.

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, 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 \$2,480 million of cash, including subsidiary cash, and \$2,267 million principal amount (as of March 31, 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	
	March 31,	
	2010	2009
	amounts in millions	
Revenue		
Starz Media	\$ 144	102
Corporate and other	22	23
	<u>\$ 166</u>	<u>125</u>
Adjusted OIBDA		
Starz Media	\$ (7)	5
Corporate and other	(36)	(37)
	<u>\$ (43)</u>	<u>(32)</u>
Operating Income (Loss)		
Starz Media	\$ (9)	2
Corporate and other	(61)	(55)
	<u>\$ (70)</u>	<u>(53)</u>

Revenue. The Capital Group's combined revenue increased 32.8% for the three months ended March 31, 2010 as compared to the corresponding prior year period. The three month increase in revenue is due primarily to a \$20 million increase in theatrical revenue and a \$21 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 four films (*Law Abiding Citizen*, *The Men Who Stare at Goats*, *Pandorum* and *Capitalism: A Love Story*) released on DVD in the first quarter of 2010 as compared to only two (*Righteous Kill* and *Henry Poole is Here*) in the same period last year.

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 \$6 million for each of the three month periods ended March 31, 2010 and 2009.

Adjusted OIBDA. The Capital Group's Adjusted OIBDA decreased \$11 million for the three months ended March 31, 2010 as compared to the corresponding prior year period. Starz Media's Adjusted OIBDA decreased \$12 million for the three months ended March 31, 2010 primarily due to the number and timing of films released theatrically and on home video by Overture Films of theatrical and home video revenue and related expenses associated with these films. 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 three months ended March 31, 2010 as compared to one release on a limited basis in the prior year increased these costs by \$33 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. We are currently evaluating strategic alternatives for Starz Media. 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.

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 and additional 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 March 31, 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	\$ 2,006	4.5%	\$ 4,735	6.0%
Capital Group	\$ 1,233	0.7%	\$ 1,213	3.1%
Starz Group	\$ —	N/A	\$ 47	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. We use equity collars and other financial instruments to manage market risk associated with certain investment positions. These instruments are recorded at fair value based on option pricing models.

At March 31, 2010, the fair value of our AFS equity securities attributed to the Capital Group was \$4,021 million. Had the market price of such securities been 10% lower at March 31, 2010, the aggregate value of such securities would have been \$402 million lower. Such decrease would be partially offset by an increase in the value of our AFS Derivatives. 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.

We periodically assess the effectiveness of our derivative financial instruments. With regard to interest rate swaps, we monitor the fair value of interest rate swaps as well as the effective interest rate the interest rate swap yields, in comparison to historical interest rate trends. We believe that any losses incurred with regard to interest rate swaps would be largely offset by the effects of interest rate movements on the underlying debt facilities. With regard to equity collars, we monitor historical market trends relative to values currently present in the market. We believe that any unrealized losses incurred with regard to equity collars and swaps would be offset by the effects of fair value changes on the underlying assets. These measures allow our management to evaluate the success of our use of derivative instruments and to determine when to enter into or exit from derivative instruments.

Our derivative instruments are executed with counterparties who are well known major financial institutions with high credit ratings. While we believe these derivative instruments effectively manage the risks highlighted above, they are subject to counterparty credit risk. Counterparty credit risk is the risk that the counterparty is unable to perform under the terms of the derivative instrument upon settlement of the derivative instrument. To protect ourselves against credit risk associated with these counterparties we generally:

- execute our derivative instruments with several different counterparties, and
- execute equity derivative instrument agreements which contain a provision that requires the counterparty to post the "in the money" portion of the derivative instrument into a cash collateral account for our benefit, if the respective counterparty's credit rating for its senior unsecured debt were to reach certain levels, generally a rating that is below Standard & Poor's rating of A- and/or Moody's rating of A3.

In addition, to the extent we borrow against a derivative instrument, we have a right of offset with respect to our borrowings and amounts due from the counterparty under the derivative, thereby reducing our counterparty credit risk.

Due to the importance of these derivative instruments to our risk management strategy, we actively monitor the creditworthiness of each of these counterparties. Based on our analysis, we currently consider nonperformance by any of our counterparties to be unlikely.

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 March 31, 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 March 31, 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 for a total of \$600 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 March 31, 2010 is as follows:

Period	Series A Liberty Capital Common Stock			
	(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	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be purchased Under the Plans or Programs
March 1-31, 2010	123,051	\$ 35.68	123,051	\$ 113 million(1)
Total	123,051		123,051	

- (1) On May 6, 2010 the Liberty board of directors authorized the repurchase of an additional \$500 million Series A and Series B Liberty Capital common stock.

Period	Series A Liberty Starz Common Stock			
	(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	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be purchased Under the Plans or Programs
January 1-31, 2010	295,681	\$ 48.72	295,681	\$ 472 million
February 1-28, 2010	472,500	\$ 47.22	472,500	\$ 450 million
March 1-31, 2010	67,470	\$ 48.72	67,470	\$ 447 million
Total	835,651		835,651	

In addition to the shares listed in the table above, 7,393 shares of Series A Liberty Capital common stock, 123,412 shares of Series A Liberty Interactive common stock and 2,722 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.

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):

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: May 7, 2010

By: /s/ GREGORY B. MAFFEI

Gregory B. Maffei
President and Chief Executive Officer

Date: May 7, 2010

By: /s/ DAVID J.A. FLOWERS

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

Date: May 7, 2010

By: /s/ CHRISTOPHER W. SHEAN

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

EXHIBIT INDEX

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):

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

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[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](#)

[Item 3. Quantitative and Qualitative Disclosures about Market Risk.](#)

[Item 4. Controls and Procedures.](#)

[LIBERTY MEDIA CORPORATION](#)

[PART II—OTHER INFORMATION](#)

[Item 1. Legal Proceedings](#)

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[Item 6. Exhibits](#)

[SIGNATURES](#)

[EXHIBIT INDEX](#)

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: May 7, 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: May 7, 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: May 7, 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 March 31, 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>May 7, 2010</u>	<u>/s/ GREGORY B. MAFFEI</u> Gregory B. Maffei Chief Executive Officer and President
Dated:	<u>May 7, 2010</u>	<u>/s/ DAVID J.A. FLOWERS</u> David J.A. Flowers Senior Vice President and Treasurer (Principal Financial Officer)
Dated:	<u>May 7, 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 three months ended March 31, 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 months ended March 31, 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>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
	<u>amounts in millions</u>	
Summary balance sheet data:		
Current assets	\$ 3,819	3,379
Cost investments	\$ 299	734
Equity investments	\$ 841	895
Total assets	\$ 17,149	17,343
Long-term debt, including current portion	\$ 6,741	6,073
Long-term deferred income tax liabilities	\$ 2,714	1,939
Attributed net assets	\$ 5,691	6,794

	<u>Three months</u> <u>ended</u> <u>March 31,</u>	
	<u>2010</u>	<u>2009</u>
	<u>amounts in millions</u>	
Summary operations data:		
Revenue	\$ 2,025	1,831
Cost of sales	(1,294)	(1,183)
Operating expenses	(186)	(172)
Selling, general and administrative expenses(1)	(186)	(145)
Depreciation and amortization	(141)	(147)
Operating income	218	184
Interest expense	(147)	(96)
Share of earnings (losses) of affiliates, net	23	(95)
Realized and unrealized gains (losses) on financial instruments	25	(72)
Gains (losses) on disposition, net	364	(2)
Other expense, net	(26)	(8)
Income tax benefit (expense)	(137)	41
Net earnings (loss)	320	(48)
Less net earnings attributable to the noncontrolling interests	10	9
Net earnings (loss) attributable to Liberty Media Corporation shareholders	<u>\$ 310</u>	<u>(57)</u>

(1) Includes stock-based compensation of \$22 million and \$10 million for the three months ended March 31, 2010 and 2009, respectively.

SUMMARY ATTRIBUTED FINANCIAL DATA

Starz Group

	March 31, 2010	December 31, 2009
	amounts in millions	
Summary balance sheet data:		
Current assets	\$ 1,786	1,544
Total assets	\$ 2,433	2,198
Long-term debt, including current portion	\$ 47	48
Attributed net assets	\$ 2,102	2,040

	Three months ended March 31,	
	2010	2009
	amounts in millions	
Summary operations data:		
Revenue	\$ 307	297
Operating expenses	(165)	(162)
Selling, general and administrative expenses(1)	(45)	(48)
Depreciation and amortization	(5)	(6)
Operating income	92	81
Other income (expense), net	1	(3)
Income tax expense	(36)	(18)
Earnings from continuing operations	57	60
Earnings from discontinued operations	—	21
Net earnings	\$ 57	81

(1) Includes stock-based compensation of \$6 million and \$17 million for the three months ended March 31, 2010 and 2009, respectively.

SUMMARY ATTRIBUTED FINANCIAL DATA

Capital Group

	<u>March 31, 2010</u>	<u>December 31, 2009</u>
	amounts in millions	
Summary balance sheet data:		
Current assets	\$ 3,012	4,087
Cost investments	\$ 4,043	3,355
Total assets	\$ 8,936	9,373
Long-term debt, including current portion	\$ 2,446	3,653
Deferred income tax liabilities, including current portion	\$ 1,266	2,260
Attributed net assets	\$ 2,639	1,275

	<u>Three months ended</u>	
	<u>March 31,</u>	
	<u>2010</u>	<u>2009</u>
	amounts in millions	
Summary operations data:		
Revenue	\$ 166	125
Operating expenses	(105)	(93)
Selling, general and administrative expenses(1)	(115)	(65)
Depreciation and amortization	(16)	(20)
Operating loss	(70)	(53)
Interest expense	(23)	(40)
Realized and unrealized gains (losses) on financial instruments, net	143	(199)
Other income, net	7	18
Income tax benefit (expense)	(35)	114
Net earnings (loss)	<u>22</u>	<u>(160)</u>

(1) Includes stock-based compensation of \$11 million and \$1 million for the three months ended March 31, 2010 and 2009, respectively.

BALANCE SHEET INFORMATION
March 31, 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	\$ 1,731	1,005	2,480	—	5,216
Trade and other receivables, net	1,004	190	99	—	1,293
Inventory, net	1,007	—	—	—	1,007
Program rights	—	507	—	—	507
Financial instruments	—	—	340	—	340
Current deferred tax assets	—	60	—	(60)	—
Other current assets	77	24	93	—	194
Total current assets	<u>3,819</u>	<u>1,786</u>	<u>3,012</u>	<u>(60)</u>	<u>8,557</u>
Investments in available-for-sale securities and other cost investments					
(note 2)	299	1	4,043	—	4,343
Investments in affiliates, accounted for using the equity method (note 3)	841	—	118	—	959
Property and equipment, net	1,012	105	161	—	1,278
Goodwill	5,859	133	200	—	6,192
Trademarks	2,492	2	14	—	2,508
Other non-amortizable intangibles	—	—	153	—	153
Intangible assets subject to amortization, net	2,737	2	176	—	2,915
Deferred tax assets	—	11	—	(11)	—
Other assets, at cost, net of accumulated amortization	90	393	1,059	—	1,542
Total assets	<u>\$ 17,149</u>	<u>2,433</u>	<u>8,936</u>	<u>(71)</u>	<u>28,447</u>
<i>Liabilities and Equity</i>					
Current liabilities:					
Accounts payable	\$ 531	5	11	—	547
Accrued liabilities	651	164	157	—	972
Intergroup payable (receivable)	127	(78)	(49)	—	—
Financial instruments	148	1	919	—	1,068
Current portion of debt (note 4)	716	4	483	—	1,203
Current deferred tax liabilities	54	—	1,254	(60)	1,248
Other current liabilities	153	143	133	—	429
Total current liabilities	<u>2,380</u>	<u>239</u>	<u>2,908</u>	<u>(60)</u>	<u>5,467</u>
Long-term debt (note 4)	6,025	43	1,963	—	8,031
Deferred income tax liabilities	2,714	—	12	(11)	2,715
Other liabilities	220	49	1,412	—	1,681
Total liabilities	<u>11,339</u>	<u>331</u>	<u>6,295</u>	<u>(71)</u>	<u>17,894</u>
Equity/Attributed net assets	5,691	2,102	2,639	—	10,432
Noncontrolling interests in equity of subsidiaries	119	—	2	—	121
Total liabilities and equity	<u>\$ 17,149</u>	<u>2,433</u>	<u>8,936</u>	<u>(71)</u>	<u>28,447</u>

STATEMENT OF OPERATIONS AND COMPREHENSIVE EARNINGS (LOSS) INFORMATION
Three months ended March 31, 2010
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Interactive Group	Starz Group	Capital Group	
	amounts in millions			
Revenue:				
Net retail sales	\$ 2,025	—	—	2,025
Communications and programming services	—	307	166	473
	<u>2,025</u>	<u>307</u>	<u>166</u>	<u>2,498</u>
Operating costs and expenses:				
Cost of sales	1,294	—	—	1,294
Operating	186	165	105	456
Selling, general and administrative, including stock-based compensation (note 5)	186	45	115	346
Depreciation and amortization	141	5	16	162
	<u>1,807</u>	<u>215</u>	<u>236</u>	<u>2,258</u>
Operating income (loss)	218	92	(70)	240
Other income (expense):				
Interest expense	(147)	—	(23)	(170)
Intergroup interest income (expense)	(4)	2	2	—
Share of earnings (losses) of affiliates, net (note 3)	23	—	(14)	9
Realized and unrealized gains (losses) on financial instruments, net	25	(1)	143	167
Gains (losses) on dispositions, net	364	—	(1)	363
Other, net	(22)	—	20	(2)
	<u>239</u>	<u>1</u>	<u>127</u>	<u>367</u>
Earnings before income taxes	457	93	57	607
Income tax expense				
	(137)	(36)	(35)	(208)
Net earnings (loss)	<u>320</u>	<u>57</u>	<u>22</u>	<u>399</u>
Less net earnings attributable to the noncontrolling interests	10	—	—	10
Net earnings attributable to Liberty Media Corporation shareholders	<u>\$ 310</u>	<u>57</u>	<u>22</u>	<u>389</u>
Net earnings	<u>\$ 320</u>	<u>57</u>	<u>22</u>	<u>399</u>
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	(52)	—	—	(52)
Unrealized holding gains arising during the period	35	—	30	65
Recognition of previously unrealized gains on available-for-sale securities, net	(112)	—	—	(112)
Share of other comprehensive earnings of equity affiliates	5	—	—	5
Reattribution of other comprehensive earnings between tracking stocks	(30)	—	30	—
Other	13	—	—	13
Other comprehensive earnings (loss)	<u>(141)</u>	<u>—</u>	<u>60</u>	<u>(81)</u>
Comprehensive earnings	179	57	82	318
Less comprehensive earnings attributable to the noncontrolling interests	9	—	—	9
Comprehensive earnings attributable to Liberty Media Corporation shareholders	<u>\$ 170</u>	<u>57</u>	<u>82</u>	<u>309</u>

STATEMENT OF OPERATIONS AND COMPREHENSIVE EARNINGS (LOSS) INFORMATION
Three months ended March 31, 2009
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Interactive Group	Starz Group	Capital Group	
	amounts in millions			
Revenue:				
Net retail sales	\$ 1,831	—	—	1,831
Communications and programming services	—	297	125	422
	<u>1,831</u>	<u>297</u>	<u>125</u>	<u>2,253</u>
Operating costs and expenses:				
Cost of sales	1,183	—	—	1,183
Operating	172	162	93	427
Selling, general and administrative, including stock-based compensation (note 5)	145	48	65	258
Depreciation and amortization	147	6	20	173
	<u>1,647</u>	<u>216</u>	<u>178</u>	<u>2,041</u>
Operating income (loss)	184	81	(53)	212
Other income (expense):				
Interest expense	(96)	(1)	(40)	(137)
Share of losses of affiliates, net (note 3)	(95)	(2)	(8)	(105)
Realized and unrealized gains (losses) on financial instruments, net	(72)	7	(199)	(264)
Losses on dispositions, net	(2)	—	—	(2)
Other, net	(8)	(7)	26	11
	<u>(273)</u>	<u>(3)</u>	<u>(221)</u>	<u>(497)</u>
Earnings (loss) from continuing operations before income taxes	(89)	78	(274)	(285)
Income tax benefit (expense)	41	(18)	114	137
Earnings (loss) from continuing operations	(48)	60	(160)	(148)
Earnings from discontinued operations, net of taxes	—	21	—	21
Net earnings (loss)	(48)	81	(160)	(127)
Less net earnings attributable to the noncontrolling interests	9	—	—	9
Net earnings (loss) attributable to Liberty Media Corporation shareholders	(57)	81	(160)	(136)
Net earnings (loss)	(48)	81	(160)	(127)
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	(87)	—	—	(87)
Unrealized holding gains (losses) arising during the period	(4)	(1)	3	(2)
Recognition of previously unrealized losses on available-for-sale securities, net	1	1	—	2
Share of other comprehensive losses of equity affiliates	(15)	—	—	(15)
Other comprehensive loss from discontinued operations	—	(1)	—	(1)
Other	17	—	—	17
Other comprehensive earnings (loss)	(88)	(1)	3	(86)
Comprehensive earnings (loss)	(136)	80	(157)	(213)
Less comprehensive loss attributable to the noncontrolling interests	(4)	—	—	(4)
Comprehensive earnings (loss) attributable to Liberty Media Corporation shareholders	<u>\$ (132)</u>	<u>80</u>	<u>(157)</u>	<u>(209)</u>

STATEMENT OF CASH FLOWS INFORMATION
Three months ended March 31, 2010
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Interactive Group	Starz Group	Capital Group	
	amounts in millions			
Cash flows from operating activities:				
Net earnings	\$ 320	57	22	399
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	141	5	16	162
Stock-based compensation	22	6	11	39
Cash payments for stock based compensation	—	(28)	(1)	(29)
Noncash interest expense	25	—	—	25
Share of losses (earnings) of affiliates, net	(23)	—	14	(9)
Cash receipts from return on equity investments	—	—	5	5
Realized and unrealized gains (losses) on financial instruments, net	(25)	1	(143)	(167)
Losses (gains) on disposition of assets, net	(364)	—	1	(363)
Intergroup tax allocation	81	24	(105)	—
Intergroup tax payments	(72)	43	29	—
Deferred income tax expense	42	11	38	91
Other noncash charges, net	28	4	11	43
Changes in operating assets and liabilities				
Current and other assets	204	(58)	(47)	99
Payables and other current liabilities	(216)	26	232	42
Net cash provided by operating activities	163	91	83	337
Cash flows from investing activities:				
Cash proceeds from dispositions	451	29	29	509
Proceeds from settlement of financial instruments	(31)	—	445	414
Investments in and loans to cost and equity investees	—	—	(176)	(176)
Repayment of loan by equity investee	—	—	25	25
Capital expended for property and equipment	(59)	—	(2)	(61)
Net sales of short term investments	—	—	35	35
Net increase in restricted cash	(1)	(20)	(23)	(44)
Reattribution of cash	807	—	(807)	—
Other investing activities, net	(8)	—	—	(8)
Net cash provided (used) by investing activities	1,159	9	(474)	694
Cash flows from financing activities:				
Borrowings of debt	1,021	—	38	1,059
Repayments of debt	(1,142)	(1)	(524)	(1,667)
Intergroup debt borrowings/(repayments)	(316)	158	158	—
Repurchases of Liberty common stock	—	(40)	(4)	(44)
Other financing activities, net	(27)	(6)	46	13
Net cash provided (used) by financing activities	(464)	111	(286)	(639)
Effect of foreign currency rates on cash	(11)	—	—	(11)
Net increase (decrease) in cash and cash equivalents	847	211	(677)	381
Cash and cash equivalents at beginning of period	884	794	3,157	4,835
Cash and cash equivalents at end period	\$ 1,731	1,005	2,480	5,216

STATEMENT OF CASH FLOWS INFORMATION
Three months ended March 31, 2009
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Interactive Group	Starz Group	Capital Group	
	amounts in millions			
Cash flows from operating activities:				
Net earnings (loss)	\$ (48)	81	(160)	(127)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:				
Earnings from discontinued operations	—	(21)	—	(21)
Depreciation and amortization	147	6	20	173
Stock-based compensation	10	17	1	28
Noncash interest expense	18	—	—	18
Share of losses of affiliates, net	95	2	8	105
Realized and unrealized losses (gains) on financial instruments, net	72	(7)	199	264
Losses on disposition of assets, net	2	—	—	2
Intergroup tax allocation	37	32	(69)	—
Intergroup tax payments	(71)	(5)	76	—
Other intergroup cash transfers, net	(1)	(5)	6	—
Deferred income tax benefit	(102)	(17)	(82)	(201)
Other noncash charges, net	12	8	19	39
Changes in operating assets and liabilities, net of the effects of acquisitions:				
Current assets	250	(4)	12	258
Payables and other current liabilities	(314)	(36)	52	(298)
Net cash provided by operating activities	107	51	82	240
Cash flows from investing activities:				
Cash proceeds from dispositions	70	—	1	71
Proceeds from settlement of financial instruments	—	21	40	61
Investments in and loans to cost and equity investees	(8)	—	(410)	(418)
Capital expenditures	(30)	—	(5)	(35)
Net sales of short term investments	—	—	35	35
Net decrease in restricted cash	5	—	7	12
Other investing activities, net	2	(11)	(2)	(11)
Net cash provided (used) by investing activities	39	10	(334)	(285)
Cash flows from financing activities:				
Borrowings of debt	16	—	1,954	1,970
Repayments of debt	(8)	(1)	(346)	(355)
Repurchases of Liberty common stock	—	—	(3)	(3)
Other financing activities, net	(18)	—	(4)	(22)
Net cash provided (used) by financing activities	(10)	(1)	1,601	1,590
Effect of foreign currency rates on cash	(29)	(8)	—	(37)
Net cash provided by discontinued operations:				
Cash provided by operating activities	—	5	—	5
Cash provided by investing activities	—	10	—	10
Cash provided by financing activities	—	—	—	—
Change in available cash held by discontinued operations	—	27	—	27
Net cash provided by discontinued operations	—	42	—	42
Net increase in cash and cash equivalents	107	94	1,349	1,550
Cash and cash equivalents at beginning of period	832	732	1,496	3,060
Cash and cash equivalents at end period	\$ 939	826	2,845	4,610

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 \$720 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.

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

Notes to Attributed Financial Information (Continued)

(unaudited)

- \$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:

	Interactive Group increase (decrease)	Capital Group increase (decrease)
	<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 coupon over their remaining life, the present value of which is not reflected in the book values of the reattributed assets and liabilities.

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

Notes to Attributed Financial Information (Continued)

(unaudited)

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.

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.

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

	<u>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
	<u>amounts in millions</u>	
Capital Group		
Time Warner Inc.(a)	\$ 1,070	997
Time Warner Cable Inc.(a)	458	356
Sprint Nextel Corporation(a)	270	260
Motorola, Inc.(a)	364	403
Viacom, Inc.	261	226
Live Nation Entertainment, Inc.(b)	360	—
CenturyTel, Inc./Embarq Corporation(a)	191	195
Other available-for-sale equity securities(a)	218	220
Sirius debt securities(c)	450	300
Other available-for-sale debt securities	379	376
Other cost investments and related receivables	22	22
Total attributed Capital Group	<u>4,043</u>	<u>3,355</u>
Interactive Group		
IAC/InterActiveCorp(d)	292	492
Other(e)	7	242
Total attributed Interactive Group	<u>299</u>	<u>734</u>
Starz Group		
Other	1	31
Total attributed Starz Group	<u>1</u>	<u>31</u>
Consolidated Liberty	<u>\$ 4,343</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

Notes to Attributed Financial Information (Continued)

(unaudited)

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 three months ended March 31, 2010 Liberty acquired \$150 million of Sirius 8.75% bonds due April 15, 2015 at par.
- (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 \$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:

	March 31, 2010			Share of earnings (losses) three months ended	
	Percentage ownership	Carrying value	Market value	March 31,	
				2010	2009
	<i>dollar amounts in millions</i>				
Interactive Group					
Expedia	24%	\$ 634	\$ 1,727	\$ 14	\$ 9
Capital Group					
Sirius(a)	40%	\$ 22	\$ 2,251	\$ (8)	\$ —

- (a) As of March 31, 2010, the Sirius Preferred Stock had a market value of \$2,251 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:

	March 31, 2010	
	Outstanding principal	Carrying value
	amounts in millions	
Capital Group		
3.125% Exchangeable Senior Debentures due 2023	\$ 1,138	1,211
Liberty bank facility	750	750
Liberty derivative loan	379	379
Subsidiary debt	106	106
Total attributed Capital Group debt	<u>2,373</u>	<u>2,446</u>
Interactive Group		
5.7% Senior Notes due 2013	803	801
8.5% Senior Debentures due 2029	287	284
8.25% Senior Debentures due 2030	504	501
4% Exchangeable Senior Debentures due 2029	469	248
3.75% Exchangeable Senior Debentures due 2030	460	230
3.5% Exchangeable Senior Debentures due 2031	492	295
3.25% Exchangeable Senior Debentures due 2031	541	338
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	1,996	1,996
Other subsidiary debt	64	64
Total attributed Interactive Group debt	<u>7,616</u>	<u>6,741</u>
Starz Group		
Subsidiary debt	47	47
Total attributed Starz Group debt	<u>47</u>	<u>47</u>
Total debt	<u>\$ 10,036</u>	<u>9,234</u>

- (5) Cash and stock-based 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. 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:

	Three months ended March 31,	
	2010	2009
	amounts in millions	
Interactive Group	\$ 17	6
Starz Group	\$ 4	16

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.

QuickLinks

[Exhibit 99.1](#)

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

[SUMMARY ATTRIBUTED FINANCIAL DATA](#)

[STATEMENT OF CASH FLOWS INFORMATION Three months ended March 31, 2010 \(unaudited\)](#)

[STATEMENT OF CASH FLOWS INFORMATION Three months ended March 31, 2009 \(unaudited\)](#)

[Notes to Attributed Financial Information \(unaudited\)](#)

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

March 31, 2010 (unaudited)
amounts in millions

Liberty Media Corporation Net Assets	\$ 10,553
Reconciling items:	
LMC put option obligations	37
Liberty Media LLC Net Assets	<u>\$ 10,590</u>
Liberty Media Corporation Net Earnings	<u>\$ 399</u>
Reconciling items:	
Unrealized gain on LMC put options	(60)
Liberty Media LLC Net Earnings	<u><u>\$ 339</u></u>

QuickLinks

[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 March 31, 2010 \(unaudited\) amounts in millions](#)