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(b) *Financial Information About Operating Segments*

Through our ownership of interests in subsidiaries and other companies, we are primarily engaged in the video and on-line commerce, media, communications and entertainment industries. Each of these businesses is separately managed.

We identify our reportable segments as (A) those consolidated subsidiaries that represent 10% or more of our consolidated revenue, pre-tax earnings or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of our pre-tax earnings. Financial information related to our operating segments can be found in note 20 to our consolidated financial statements found in Part II of this report.

(c) *Narrative Description of Business*

The following table identifies our more significant subsidiaries and minority investments within each of the Interactive Group, the Starz Group and the Capital Group.

Consolidated Subsidiaries

QVC, Inc.

Private Equity Group, L.P.

Interactive Group

The Interactive Group is focused on video and on-line commerce through its interests in QVC and the e-commerce businesses. Our strategy is to continue QVC's organic growth in its existing markets while exploring opportunities for expansion in additional international markets. In this regard, QVC has announced plans to launch programming in Italy in the fall of 2010. We will also seek to acquire e-commerce businesses and leverage their strengths as on-line retailers. In this regard, we acquired Provide Commerce and BuySeasons in 2006 and Backcountry.com and Bodybuilding.com in 2007.

QVC, Inc., a wholly-owned subsidiary, markets and sells a wide variety of consumer products in the U.S. and several foreign countries primarily through live televised shopping programs and via the Internet through its domestic and international websites. QVC programming is divided into segments that are televised live with a host who presents the merchandise, sometimes with the assistance of a guest who is knowledgeable about the merchandise, and conveys information relating to the product to QVC's viewers. QVC's websites offer a complement to televised shopping by allowing consumers to purchase a wide assortment of goods that were previously offered on the QVC television programs, as well as other items that are available from QVC only via its websites. For the year ended December 31, 2009, approximately 28.9% of QVC's domestic revenue and approximately 25.1% of QVC's total revenue was generated from sales of merchandise ordered through its various websites.

QVC offers a variety of merchandise at competitive prices. QVC purchases, or obtains on consignment, products from domestic and foreign manufacturers and wholesalers, often on favorable terms based upon the volume of the transactions. QVC classifies its merchandise into four groups: home (including electronics), apparel, accessories (including beauty products) and jewelry. For the year ended December 31, 2009, home, apparel, accessories and jewelry accounted for approximately 47% of QVC's total revenue.

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and personalized gifts through its RedEnvelope brand, which it acquired in 2008. Provide Commerce combines an online storefront, proprietary supply chain management technology, established supplier relationships and integrated logistical relationships with FedEx Corporation and United Parcel Service, Inc. to create a market platform that bypasses traditional supply chains of wholesalers, distributors and retailers. Provide Commerce derives its revenue from the sale of flowers and plants on its proflowers.com website and from the sale of gourmet foods from its branded websites: Cherry Moon Farms, for fresh premium fruits; Shari's Berries, for chocolate-dipped berries and related gifting products; and from the sale of gifts on RedEnvelope. Provide Commerce also enters into arrangements with businesses desiring to offer high-quality, time-sensitive or perishable products to customers on a co-branded or private label basis, designie iy, u

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Other subsidiaries of our company that we have attributed to the Interactive Group are (i) Lockerz, LLC, which operates a community web site geared to teens and young adults that allows its members to buy trendy merchandise, watch videos, discover new music and connect with their friends and (ii) LMC Right Start, Inc., which operates a website and brick-and-mortar stores that sell juvenile products for infants and young children.

Expedia, Inc. is among the world's leading travel services companies, making travel products and services available to leisure and corporate travelers in the United States and abroad through a diversified portfolio of brands, including Expedia.com, Hotels.com, Venere.com, Hotwire.com, Egencia, Classic Vacations and TripAdvisor and a range of other domestic and international brands and businesses. Expedia's various brands and businesses target the needs of different consumers, including those who are focused exclusively on price and those who are focused on the breadth of product selection and quality of services. Expedia has created an easily accessible global travel marketplace, allowing customers to research, plan and book travel products and services from travel suppliers and allowing these travel suppliers to efficiently reach and provide their products and services to Expedia customers. Through its diversified portfolio of domestic and international brands and businesses, Expedia makes available, on a stand-alone and package basis, travel products and services provided by numerous airlines, lodging properties, car rental companies, cruise lines and destination service provide est

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HSN became a public company in August 2008 in connection with the separation of IAC into five separate companies. HSN is an interactive multi-channel retailer with



Tree.com was also spun off by IAC in August 2008. Tree.com, Inc. is the parent of several brands and businesses in the financial services and real estate industries including LendingTree, LendingTree Loans(sm), GetSmart.com, HomeLoanCenter.com, RealEstate.com, iNest.com, RealEstate.com, REALTORS(r) and Domania.com. Together, they serve as an ally for consumers who are looking to comparison shop loans, real estate and other financial products from multiple businesses and professionals who compete for their business. Tree.com, Inc. is headquartered in Charlotte, North Carolina.

We own approximately 26% of the outstanding common stock of Tree.com. We have entered into an agreement with Tree.com pursuant to which, among other things, we have the right to appoint 20% of the members of Tree.com's board of directors. We have not yet exercised this right.

Starz Group

The Starz Group focuses primarily on video programming businesses.

Starz Entertainment, LLC, a wholly-owned subsidiary, provides premium movie networks and programming distributed by cable operators, direct-to-home satellite providers, telephone companies, other distributors and the Internet in the United States. Starz Entertainment's principal service offerings are (1) Starz, which is primarily a first-run movie service that generally includes Starz plus five multiplex channels branded with the Starz name, each of which exhibits movies targeted to a specific audience and (2) Encore, which airs first-run movies and classic contemporary movies and generally includes six additional thematic multiplex channels branded with the Encore name, each of which exhibits movies based upon individual themes. Starz can be purchased by subscribers as an à-la-carte premium service for which subscribers pay a separate monthly charge. Distributors may also package Starz with other premium services. Encore can be purchased by subscribers as part of a digital package, which includes other movie services or a variety of general entertainment digital networks. Distributors may also sell Encore on an à-la-carte basis or packaged with Starz. Starz Entertainment's services also include MoviePlex, a "theme by day" channel featuring a different thematic multiplex channel each day, on a weekly rotation; IndiePlex, featuring art house and independent films; RetroPlex, featuring "classic" movies; Starz On Demand; Encore on Demand; MoviePlex On Demand; high definition feeds of several Starz and Encore channels and high definition versions of each of Starz On Demand, Encore On Demand and MoviePlex On Demand. Starz Entertainment also offers Starz Online, Encore Online and Starz Play which are Internet complements to Starz and Encore, to cable and telephone companies who offer high speed Internet service. Starz Entertainment also offers Encore On Demand on a weekly fee

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Starz Media's operations include live-action theatrical film production and distribution, home video distribution, live-action television production and distribution, and theatrical and non-theatrical animation and are divided into the following business units: Overture Films, Anchor Bay Entertainment, Proprietary Productions, Film Roman, and Toronto Animation Studio.

Overture Films, a wholly-owned subsidiary of Starz Media, produces and acquires live action theatrical motion pictures for release domestically and throughout the world. Overture distributes its movies theatrically in the United States, and Anchor Bay Entertainment and Proprietary Productions perform home video and television distribution in the United States. Overture has entered into distribution agreements with Paramount Vantage and Alliance Atlantis to distribute its product internationally to the extent Overture controls such rights. Overture's 2009 theatrical releases included *Sunshine Cleaning*, *Paper Heart*, *Capitalism: A Love Story*, *Law Abiding Citizen* and *The Men Who Stare at Goats*. All of Overture's films will appear on Starz Entertainment's channels during their pay television windows.

Overture records revenue from the theatrical release of its films. The domestic box office receipts are divided between the theatrical exhibitors and Overture based upon contractual arrangements on a film-by-film basis. Paramount Vantage and Alliance Atlantis contract with foreign distributors and receive a distribution fee for their services. Overture records revenue related to Anchor Bay's distribution of its films net of a reserve for estimated future returns. Overture receives license fees from Starz Entertainment related to the pay television agreement that covers the appearance of Overture's films on Starz Entertainment's channels during their pay television windows. Fees are also earned from both domestic and foreign networks/basic cable channels related to the exploitation of the titles on free television. Other revenue sources include video on demand/pay-per-view, syndication and exploitation of the titles in a non-theatrical manner such as the Internet and airlines. Significant expenses related to Overture's films include the amortization of film acquisition and production costs and the theatrical print and advertising expenses related to the release of each film, as well as the home video manufacturing and related distribution and advertising expenses.

Starz Media's home video distribution business is operated through its Anchor Bay Entertainment subsidiary, utilizing the Anchor Bay and Manga brands, in the United States, Canada, United Kingdom and Australia. Anchor Bay distributes Overture titles, as well as Proprietary Production titles. Anchor Bay also acquires and licenses various titles for home video distribution from third parties. These titles are distributed through regional and national retailers, including Wal-Mart, Target and Best Buy. Generally, these retailers have the right to return unsold products.

Anchor Bay records its revenue net of an allowance for estimated future returns. Anchor Bay pays its licensors, generally on a quarterly basis, (i) a royalty based on a percentage of net sales of the licensed title, (ii) a profit participation based on the net profits (if any) of the licensed title or (iii) retains a distribution fee and remits the net sales less contractually agreed to costs (e.g. manufacturing costs, pick, pack and ship costs, etc.) of the licensed title to the licensor. Anchor Bay markets and advertises each title prior to and during release generally through the use of a combination of television and other media related advertising and discounts, rebates and cooperative advertising with retailers depending on the specific genre or demographic appeal of the title.

Proprietary Productions develops and produces proprietary live-action and animated content for television and direct-to-video/DVD distribution. Proprietary Productions has produced live-action productions for the Sci Fi Network, Independent Film Channel, Lifetime and other cable and broadcast networks. As noted above, Anchor Bay acts as the home video distributor for Proprietary Productions.

Proprietary Productions receives license fees from networks and basic/pay cable television channels, including Starz Entertainment, related to exploitation of its productions on free or pay television. The



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SIRIUS XM operates satellite systems and must comply with the FCC's regulations regarding satellite licensing, the prevention of interference and other matters. For example, SIRIUS XM must apply for renewal of its satellite licenses prior to the expiration of the current license terms. SIRIUS XM also must obtain FCC equipment certifications for certain satellite radios. As a result of the 2008 merger transaction between Sirius Satellite Radio Inc. and XM Satellite Radio Holdings, Inc., SIRIUS XM must implement voluntary commitments regarding matters such as a la carte programming, rates and channels set asides for public interest and minority owned entities. Other aspects of SIRIUS XM's operations, such as the export of satellite radio system components and technical data, are subject to U.S. export licensing requirements.

We also have significant ownership interests on a cost basis in other entities, such as Sprint Nextel Corporation, which are extensively regulated. For example, Sprint Nextel is subject not only to federal regulation but also to regulation in varying degrees, depending on the jurisdiction, by state and local regulatory authorities.

The regulation of programming services, cable television systems, DBS providers, broadcast television licensees and Internet services is subject to the political process and has been in constant flux over the past decade. Further material





Item 1A. Risk Factors

The risks described below and elsewhere in this annual report are not the only ones that relate to our businesses or our capitalization. The risks described below are considered to be the most material. However, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on our businesses. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. If any of the events described below were to occur, our businesses, prospects, financial condition, results of operations and/or cash flows could be materially adversely affected.

Risks Relating to the Ownership of Our Common Stock due to our Tracking Stock Capitalization

The risks described below apply to the ownership of our Liberty Interactive common stock, our Liberty Starz common stock and our Liberty Capital common stock due to our tracking stock capitalization.

Even though we have attributed, for financial reporting purposes, all of our consolidated assets, liabilities, revenue, expenses and cash flows to each of the Interactive Group, the Starz Group and the Capital Group in order to prepare the separate financial statement schedules for each of those groups, we retain legal title to all of our assets; and our capitalization does not limit our legal responsibility, or that of our subsidiaries, for the liabilities included in any set of financial statement schedules. Holders of Liberty Interactive common stock, Liberty Starz common stock and Liberty Capital common stock do not have any legal rights related to specific assets attributed to the Interactive Group, the Capital Group or the Starz Group and, in any liquidation, holders of Liberty Interactive common stock, holders of Liberty Capital common stock and holders of Liberty Starz common stock are entitled to receive a pro rata share of our available net assets based on their respective numbers of liquidation units.

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company as a whole, and decisions deemed to be in the best interest of our company may not be in the best interest of a particular group when considered independently. Examples include:

- decisions as to the terms of any business relationships that may be created between and among the Interactive Group, the Capital Group and/or the Starz Group or the terms of any transfers of assets between or among the groups;
- decisions as to the allocation of consideration among the holders of Liberty Interactive common stock, Liberty Capital common stock and/or Liberty Starz common stock, or among the series of stocks relating to any of our groups, to be received in connection with a merger involving our company;
- decisions as to the allocation of corporate opportunities between the groups, especially where the opportunities might meet the strategic business objectives of more than one group;
- decisions as to operational and financial matters that could be considered detrimental to some groups but beneficial to others;
- decisions as to the conversion of shares of common stock of one group into shares of common stock of another;
- decisions regarding the creation of, and, if created, the subsequent increase or decrease of any inter-group interest that one group may own in another group;
- decisions as to the internal or external financing attributable to business or assets attributed to any of our groups;
- decisions as to the dispositions of assets of any of our groups; and
- decisions as to the payment of dividends on the stock relating to any of our groups.

In addition, if directors own disproportionate interests (in percentage or value terms) in Liberty Interactive common stock, Liberty Capital common stock or Liberty Starz common stock, that disparity could create or appear to create conflicts of interest when they are faced with decisions that could have different implications for the holders of Liberty Interactive common stock, Liberty Capital common stock or Liberty Starz common stock.

Rather than develop additional specific procedures in advance, our board of directors intends to exercise its judgment from time to time, depending on the circumstances, as to how best to:

- obtain information regarding the divergence (or potential divergence) of interests;
- determine under what circumstances to seek the assistance of outside advisers;
- determine whether a committee of our board of directors should be appointed to address a specific matter and the appropriate members of that committee; and
- assess what is in our best interests and the best interests of all of our stockholders.

Our board of directors believes the advantage of retaining flexibility in determining how to fulfill its responsibilities in any such circumstances as they may arise outweighs any perceived advantages of adopting additional specific procedures in advance.

Our board of directors has adopted certain management and allocation policies to serve as guide^{ab}

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Interactive Group, the Starz Group and the Capital Group with respect to matters such as tax liabilities and benefits, inter-group loans, inter-group interests, attribution of assets acquired after the restructuring of a group, financing alternatives, corporate opportunities and similar items. These policies are not included in the amended charter. Our board of directors may at any time change or make exceptions to these policies. Because these policies relate to matters concerning the day to day management of our company as opposed to significant corporate actions, such as a merger involving our company or a sale of substantially all of our assets, no stockholder approval is required with respect to their adoption or amendment. A decision to change, or make exceptions to, these policies or adopt additional policies could disadvantage one or more groups while advantaging the other(s).

Principles of Delaware law and the provisions of our amended charter may protect decisions of our board of directors that have a
disproportionate impact on the interests of certain classes of stockholders. The board of directors has a duty to act with due care and in the best interests of all of our stockholders, regardless of the stock p. U . he;

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Delaware law requires stockholder approval only for a sale of a significant amount of assets of any of our groups. As long as the assets attributed to the Interactive Group, the Capital Group or the Starz Group proposed to be disposed of represent less than substantially all of our assets, we may approve sales and other dispositions of any amount of the assets of such group without any stockholder approval. Based on the composition of the groups, we believe that a sale of all or substantially all of the assets of any group, on a stand alone basis, would not be considered a sale of substantially all of the assets of our company requiring stockholder approval.

If we dispose of all or substantially all of the assets of any group (which means, for this purpose, assets representing 80% of the fair market value of the total assets of the disposing group, as determined by our board of directors), we would be required, if the disposition is not an exempt disposition under the terms of our amended charter, to choose one or more of the following three alternatives:

- declare and pay a dividend on the disposing group's common stock;
- redeem shares of the disposing group's common stock in exchange for cash, securities or other property; and/or
- convert all of the disposing group's outstanding common stock into common stock of one of the other groups.

In this type of a transaction, holders of the disposing group's common stock may receive less value than the value that a third-party buyer might pay for all or substantially all of the assets of the disposing group.

Our board of directors will decide, in its sole discretion, how to proceed and is not required to select the option that would apt



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- establishing advance notice requirements for nominations of candidates for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

Our chairman, John C. Malone, beneficially owns shares representing the power to direct approximately 33.0% of the aggregate voting power in our company, due to his beneficial ownership of approximately 82.8% of the outstanding shares of Series B Liberty Capital common stock, 83.2% of the outstanding shares of Series B Liberty Interactive common stock and approximately 82.5% of the Series B Liberty Starz common stock.

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distributions, loans or advances to stockholders and partners. Neither we nor Liberty Media LLC will generally receive cash, in the form of dividends, loans, advances or otherwise, from our business affiliates. In this regard, we will not have sufficient voting control over most of our business affiliates to cause those companies to pay dividends or make other payments or advances to their partners or stockholders, including our company or Liberty Media LLC.

Disruptions in the credit and equity markets have impacted the creditworthiness of certain financial institutions. Although we seek to manage the credit risks associated with our financial instruments and cash investments, we are exposed to an increased risk that our counterparties may default on their obligations to us. At December 31, 2009, our total assets included derivatives with a fair value of \$752 million. Were one or more of our counterparties to fail or otherwise be unable to meet its obligations to us, our financial condition could be adversely affected.

Sales of our shares by our Chairman of the Board or any of our other directors or executive officers could cause a perception in the marketplace that our stock price has peaked or that adverse events or trends have occurred or may be occurring at our company. This perception can result notwithstanding any personal financial motivation for these insider sales. As a result, insider sales could depress our stock price.

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The substantial downturn in the U.S. and global economies in 2008 caused a severe fall-off in retail sales. Retailers such as QVC experienced not only reduced sales, but also an increase in returned merchandise, which materially adversely affected their earnings in 2008. Although QVC's sales began to improve in the third and fourth quarters of 2009, no assurance can be given as to whether such improvement will continue.



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Starz Entertainment owns its corporate headquarters in Englewood, Colorado. In addition, Starz Entertainment leases office space for its business affairs and sales staff at three locations around the United States.

Starz Media leases space for its executive offices, distribution and sales operations, and production studio facilities in Burbank, California, Troy, Michigan, Beverly Hills, California and New York, New York. Starz Media also leases space for its international production and distribution operations in Toronto, Ontario, London, England and Melbourne and Sydney, Australia.

Our other subsidiaries and business affiliates own or lease the fixed assets necessary for the operation of their respective businesses, including office space, transponder space, headends, cable television and telecommunications distribution equipment, telecommunications switches and customer equipment (including converter boxes). Our management believes that our current facilities are suitable and adequate for our business operations for the foreseeable future.

Item 3. Legal Proceedings.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

At the Company's special meeting of stockholders held on November 19, 2009, the following matters were voted on and approved by the stockholders of the Company:

	<u>Votes for</u>	<u>Votes against</u>	<u>Abstentions</u>
1. Approval of the Redemption Proposal to allow Liberty Media to redeem a portion of the outstanding shares of Liberty Entertainment common stock for all of the outstanding shares of Liberty Entertainment, Inc. ("LEI").	609,992,711	10,163,831	464,076
2A.			

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

We have three tracking stocks outstanding as of December 31, 2009. Our Series A and Series B Liberty Interactive tracking stock (LINTA and LINTB) have been outstanding since May 2006. Our Series A and Series B Liberty Capital tracking stock (LCAPA and LCAPB) and our Series A and Series B Liberty Starz tracking stock (formerly Liberty Entertainment tracking stock) (LSTZA and LSTZB, formerly LMDIA and LMDIB) have been outstanding since March 4, 2008 when each share of our previous Liberty Capital tracking stock was reclassified into one share of the same series of new Liberty Capital and four shares of the same series of Liberty Entertainment. On November 19, 2009, we completed the split off (the "Split-Off") of our subsidiary Liberty Entertainment, Inc. ("LEI"). The Split-Off was accomplished by a 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. LEI had been attributed to the Entertainment Group. Subsequent to the Split-Off, the Entertainment Group was renamed the Starz Group. Each series of our common stock trades on the Nasdaq Global Select Market. The following table sets forth the range of high and low sales prices of shares of our common stock for the years ended December 31, 2009 and 2008.

	Liberty Capital			
	Series A (LCAPA)		Series B (LCAPB)	
	High	Low	High	Low
2008				
First quarter (thru March 3)				

	Liberty Starz			
	Series A (LSTZA)		Series B (LSTZB)	
	High	Low	High	Low
2008				
First quarter (beginning March 4)	\$ 27.07	19.65	26.51	20.46
Second quarter	\$ 27.48	22.12	27.41	22.46
Third quarter	\$ 28.64	22.33	28.95	22.48
Fourth quarter	\$ 25.26	9.47	24.95	9.69
2009				
First quarter	\$ 20.94	16.03	20.10	15.25
Second quarter	\$ 27.07	19.54	27.23	19.58
Third quarter	\$ 31.38	24.68	31.11	24.43
Fourth quarter (thru November 19)	\$ 36.26	29.86	36.10	30.01
Fourth quarter (beginning November 20)	\$ 51.50	46.10	50.34	46.86

As of January 31, 2009, there were approximately 2,150 and 100 record holders of our Series A and Series B Liberty Capital common stock, respectively, approximately 2,900 and 100 record holders of our Series A and Series B Liberty Interactive common stock, respectively, and approximately 1,800 and 100 record holders of our Series A and Series B Liberty Starz common stock, respectively. The foregoing numbers of record holders do not include the number of stockholders whose shares are held of record by banks, brokerage houses or other institutions, but include each such institution as one shareholder.

We have not paid any cash dividends on our common stock, and we have no present intention of so doing. Payment of cash dividends, if any, in the future will be determined by our board of directors in light of our earnings, financial condition and other relevant considerations.

Information required by this item is incorporated by reference to our definitive proxy statement for our 2010 Annual Meeting of stockholders.

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
October 1-31, 2009	—	N/A	—	\$ 118.8 million

In connection with the reclassification of old Liberty Capital Group stock into Entertainment Group stock and Capital Group stock, our board of directors approved a program to repurchase up to

\$300 million of Liberty Capital common stock. In August 2008, our board of directors approved an additional \$300 million of Liberty Capital common stock repurchases. We may alter or terminate the program at any time.



In connection with the Split-Off and the re-naming of the Starz Group, our board of directors approved a program to repurchase up to \$500 million of Liberty Starz common stock. We may alter or terminate the program at any time.

In addition to the shares listed in the table above, 7,036 shares of Series A Liberty Capital common stock, 17,085 shares of Series A Liberty Interactive common stock and 3,072 shares of Series A Liberty Starz common stock were surrendered in the fourth quarter of 2009 by certain of our officers to pay withholding taxes in connection with the vesting of their restricted stock.

Item 6. Selected Financial Data.

The following tables present selected historical information relating to our financial condition and results of operations for the past five years. The following data should be read in conjunction with our consolidated financial statements.

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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 our company and continue to be attributed to the Entertainment Group, which we have redesignated as the Starz Group.

Immediately following the Split-Off, we, LEI and DIRECTV completed the DTV Business Combination, and each of LEI and DIRECTV became wholly owned subsidiaries of a new public holding company named DIRECTV ("Holdings"). Pursuant to the DTV Business Combination, (i) John C. Malone, Chairman of the boards of Liberty Media, LEI and DIRECTV, and certain related persons (collectively, the Malones) contributed each of their shares of LEI Series B common stock to Holdings for 1.11130 shares of Holdings Class B common stock (with payment of cash in lieu of any fractional shares), (ii) LEI merged with a wholly-owned subsidiary of Holdings, and each share of LEI Series B common stock (other than shares of LEI Series B common stock held by the Malones) was exchanged for 1.11130 shares of Holdings Class A common stock (with payment of cash in lieu of any fractional shares), and (iii) DIRECTV merged with a wholly-owned subsidiary of Holdings, and each share of DIRECTV common stock was exchanged for one share of Holdings Class A common stock.

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of December 31, 2009) 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.

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viewing habits because of advancements in technology, such as video on demand and personal video recorders and (5) successful management transition.

Starz Entertainment's focus in 2010 will be directed to several initiatives. First, Starz Entertainment will continue to differentiate itself from other pay television programmers by investing in, producing and airing original programming on its Starz Channel. Secondly, Starz Entertainment will work with its affiliates to package its channels in lower tier product offerings to gain wider distribution. Thirdly, Starz Entertainment will continue to explore and invest in additional distribution channels and products, including on demand, high definition, Internet and mobile Internet products. Finally, Starz Entertainment will seek to finalize new long-term affiliation agreements with those affiliates whose agreements are expiring.

Starz Entertainment faces certain challenges in its attempt to meet these goals, including: (1) cable operators' promotion of bundled service offerings rather than premium video services; (2) the impact on viewer habits of new technologies such as Internet capable televisions and blu-ray players; (3) potential consolidation in the broadband and satellite distribution industries; (4) an increasing number of alternative movie and programming sources; (5) loss of subscribers due to economic conditions and (6) the launch of Epix, a new pay television service owned by three Hollywood movie studios.

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 "Interactive Group", "Starz Group" and "Capital Group" below.

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As of December 31, 2009, 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.

Upon completion of our Split-Off of LEI, Standard & Poor's Ratings Services and Moody's Investors Services each lowered their rating on our corporate credit. In the event we are unable 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.

During the year ended December 31, 2009, the Interactive Group's primary uses of cash were \$2,732 million of debt and interest

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remaining intergroup notes, \$275 million for capital expenditures, \$119 million for the repayment of parent derivative debt attributed to the Interactive Group, tax payments to the Capital Group and payments to settle outstanding put options on Liberty Interactive Group common stock. In addition, we may make 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, cash provided by operating activities, cash reattributed from the Capital Group pursuant to the Reattribution and proceeds from the sale of available-for-sale securities. In addition, at December 31, 2009, unused capacity under QVC's bank credit agreements aggregated \$427 million.

As of December 31, 2009, the Starz Group had a cash balance of \$794 million. During the second quarter of 2009, the Starz Group used cash on hand to make a \$250 million intergroup loan to the Interactive Group. In connection with the Split-Off, the Starz Group contributed \$120 million of cash to LEI and received \$226 million from DIRECTV for the repayment of loans previously made to LEI.

The projected uses of Starz Group cash in 2010 include tax payments to the Capital Group, cash payments to settle PSARs held by the founder of Starz Entertainment and repurchases of Liberty Starz common stock. In addition, we may make 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.

Our board of directors has authorized a share repurchase program pursuant to which we can repurchase up to \$500 million of Liberty Starz common stock in the open market or in privately negotiated transactions, subject to market conditions. As of December 31, 2009, we had repurchased \$13 million of Liberty Starz common stock pursuant to this plan. We may alter or terminate the stock repurchase program at any time.

During the second quarter of 2009, we used cash for the voluntary early retirement of \$750 million face amount of our Exchangeable Senior Debentures attributable to Liberty Capital. We paid \$187.5 million (of which \$37.5 million was existing cash collateral) to retire \$400 million face amount of our 4% Exchangeable Senior Debentures due 2029 and \$350 million face amount of our 3³/₄% Exchangeable Senior Debentures due 2030. We also terminated swap arrangements that reference the 4% and 3³/₄% Exchangeable Senior Debentures with no additional payment. The total cash used to retire the \$750 million face amount of Exchangeable Senior Debentures and swaps referencing these Exchangeable Senior Debentures was \$503 million, of which \$315 million was paid to settle swap arrangements that were settled in November 2008. We also purchased and retired \$126 million principal amount of our 3.125% Exchangeable Senior Debentures for aggregate cash payments of \$106 million. Other uses of cash by the Capital Group were \$186 million net cash to purchase debt and equity instruments of SIRIUS XM (as more fully described in note 8 to the accompanying condensed consolidated financial statements) and the \$250 million intergroup loan to the Interactive Group.

In addition, we had net borrowings during 2009 of \$213 million against certain of our derivative positions attributed to the Capital Group, bringing our total borrowings against such derivatives to \$838 million as of December 31, 2009. We expect that as these derivatives terminate in 2010, the proceeds due to us upon termination will be substantially in excess of our net borrowings against such derivatives.

In April 2007, we borrowed \$750 million of bank financing with an interest rate of LIBOR plus an applicable margin. We are investing such proceeds in a portfolio of selected debt instruments of companies in the telecommunications, media and technology sectors.

borrowings, the remaining cash balance of \$465 million as of December 31, 2009 is included in other assets in our consolidated balance sheet.

Including the impacts of the Reattribution, the projected uses of Capital Group cash for 2010 include \$807 million to be reattributed to the Interactive Group, \$838 million to repay our derivative loans, approximately \$50 million for interest payments and up to \$410 million to purchase additional shares of Live Nation if our tender offer is fully subscribed. We may also (i) make additional investments in existing or new businesses and attribute such investments to the Capital Group and (ii) make additional repurchases of Liberty Capital common stock pursuant to our stock repurchase program. In addition, we expect to generate taxable income and make related federal tax payments.

We expect that the Capital Group's investing and financing activities will be funded with a combination of cash on hand, tax payments from the Interactive Group and the Starz Group and dispositions of non-strategic assets. At December 31, 2009, the Capital Group's sources of liquidity include \$3,157 million in cash and \$2,558 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.

The following contingencies and obligations have been attributed to the Starz Group:

Starz Entertainment has entered into the following agreements:



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this arrangement, the number of qualifying films u



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. We use the Black-Scholes Model to value many of our financial instruments. The inputs we use for the Black-Scholes Model include market prices of equity securities, volatilities for equity securities, dividend rates and risk free discount rates. We also consider our credit risk and counterparty credit risk in estimating the fair value of our financial instruments. While these inputs are observable, they are not all quoted market prices, so the fair values of our financial instruments fall in Level 2. As of December 31, 2009, the carrying value of our financial instrument assets and liabilities was \$752 million and \$1,134 million, respectively. We use quoted market prices to determine the fair value of our exchangeable senior debentures. However, these debentures are not traded on active markets as defined in GAAP, so these liabilities also fall in Level 2. As of December 31, 2009, the principal amount and carrying value of our exchangeable debentures were \$3,102 million and \$2,254 million, respectively.

Level 3 inputs are unobservable inputs for an asset or liability. We currently have no Level 3 financial instrument assets or liabilities.

Non-Financial Instruments. Our non-financial instrument valuations are primarily comprised of our annual assessment of the recoverability of our goodwill and other nonamortizable intangibles, such as trademarks and our evaluation of the recoverability of our other long-lived assets upon certain triggering events. If the carrying value of our long-lived assets exceeds their estimated fair value, we are required to write the carrying value down to fair value. Any such writedown is included in impairment of long-lived assets in our consolidated statement of operations. A high degree of judgment is required to estimate the fair value of our long-lived assets. We may use quoted market prices, prices for similar assets, present value techniques and other valuation techniques to prepare these estimates. We may need to make estimates of future cash flows and discount rates as well as other assumptions in order to implement these valuation techniques. In addition, when the equity market capitalization of one of our tracking stock groups is lower than our estimate of the aggregate fair value of the reporting units attributable to such tracking stock group, we reconcile such difference to further support the carrying value of our long-lived assets. Due to the high degree of judgment involved in our estimation techniques, any value ultimately derived from our long-lived assets may differ from our estimate of fair value. As each of our operating segments has long-lived assets, this critical accounting policy affects the financial position and results of operations of each segment.

As of December 31, 2009, the intangible assets not subject to amortization for each of our significant reporting units was as follows:

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Other</u>	<u>Total</u>
	amounts in millions			
QVC	\$ 5,858	\$ 1,778	\$ 130	\$ 7,766
	_____	_____	_____	_____
	=====	=====	=====	=====

We perform our annual assessment of the recoverability of our goodwill and other nonamortizable intangible assets as of December 31. With respect to QVC, we performed the Step 1 Test using a discounted cash flow analysis prepared as of December 31, 2009. The cash flow projections (the "2009 Cash Flow Projections") used in our analysis were prepared by QVC management and represent management's estimate of the future cash flows to be generated by QVC's operations during 2010 through 2014 (Years 1-5). For the 5 years ended December 31, 2009, QVC's revenue grew at a compound annual growth rate of approximately 5.3%, including growth of 1.0% in 2009 and a decrease of 1.3% in 2008. Similarly, QVC's Adjusted OIBDA grew at a compound annual growth rate of approximately 5.1% for the 5 years ended December 31, 2009, including decreases of .2% in 2007 and

9.1% in 2008. Given the improving trends in the economy during 2009, as well as QVC's intention to expand its international operations into new markets, the 2009 Cash Flow Projections include growth rates which are higher than QVC's recent historical growth rates and higher than the growth rates used in the 2008 cash flow projections. The growth rates used in the 2009 Cash Flow Projections are considered by management to be appropriate and reflect the current state of the domestic and world wide economies. The 2009 Cash Flow Projections include many assumptions, including the timing of an economic recovery and the impact of any such recovery on QVC's operations. In this regard, the 2009 Cash Flow Projections are based on the economy continuing to stabilize in 2010 and return to historical levels in the years beyond 2010.

The projected cash flows for QVC's domestic business were discounted using a discount rate of 13.3%. Such rate was derived using a weighted average cost of capital approach and compares to a 12.8% rate that was used in 2008. Such increase in rate reflects a higher risk-free rate and long-horizon expected equity risk premium and factors in the impacts of the recent recession and volatility of business risks. The discount rates for QVC's international businesses were adjusted to reflect the appropriate risk of operating in international regions and were each slightly higher than the discount rates used in 2008 due to the aforementioned factors. Terminal growth rates after Year 5 consider the above noted factors for the initial five years forecasted cash flows and forecasted CPI increases.

We also used a market approach to validate the fair value of QVC determined by our discounted cash flow analysis. In our market approach, we identified publicly traded companies whose business and financial risks are comparable to those of QVC. We then compared the market values of those companies to the calculated value of QVC. We also identified recent sales of companies in lines of business similar to QVC and compared the sales prices in those transactions to the calculated value of QVC. The range of values determined in our market approach corroborated the value calculated in our discounted cash flow analysis for QVC.

The estimated fair value of QVC determined in the foregoing Step 1 Test was clearly in excess of our carrying value for QVC, and accordingly no Step 2 Test was performed and no impairment charge was recorded. We note that if our fair value estimate for QVC was 10% lower, we would still not have triggered a Step 1 failure and no impairment charge would be taken.

The foregoing impairment test requires a high degree of judgment with respect to estimates of future cash flows and discount rates as well as other assumptions. Therefore, any value ultimately derived from QVC may differ from our estimate of fair value. Further if the retail environment continues to experience recessionary pressures for an extended period of time, our cash flow projections will need to be revised downward and we could have impairment charges in the future. In this regard, we estimate that if we were to use a compound annual growth rate for QVC's revenue that is approximately 30% lower than the rate currently used in the 2009 Cash Flow Projections and that QVC achieved the margins assumed in the 2009 Cash Flow Projections, we would fail the Step 1 Test and would be required to perform the Step 2 Test to measure any impairment of QVC's goodwill.

We periodically evaluate our investments to determine if decreases in fair value below our cost bases are other than temporary. If a decline in fair value is determined to be other than temporary, we are required to reflect such decline in our consolidated statement of operations. Other than temporary declines in fair value of our cost investments are recognized on a separate line in our consolidated statement of operations, and other than temporary declines in fair value of our equity method investments are included in share of losses of affiliates in our consolidated statement of operations.

The primary factors we consider in our determination of whether declines in fair value are other than temporary are the length of time that the fair value of the investment is below our carrying value; the severity of the decline; and the financial condition, operating performance and near term prospects of the investee. In addition, we consider the reason for the decline in fair value, be it general market

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conditions, industry specific or investee specific; analysts' ratings and estimates of 12 month share price targets for the investee; changes in stock price or valuation subsequent to the balance sheet date; and our intent and ability to hold the investment for a period of time sufficient to allow for a recovery in fair value. Fair value of our publicly traded cost investments is based on the market prices of the investments at the balance sheet date. We estimate the fair value of our other cost and equity investments using a variety of methodologies, including cash flow multiples, discounted cash flow, per subscriber values, or values of comparable public or private businesses. Impairments are calculated as the difference between our carrying value and our estimate of fair value. As our assessment of the fair value of our investments and any resulting impairment losses and the timing of when to recognize such charges requires a high degree of judgment and includes significant estimates and assumptions, actual results could differ materially from our estimates and assumptions.

Our evaluation of the fair value of our investments and any resulting impairment charges are made as of the most recent balance sheet date. Changes in fair value subsequent to the balance sheet date due to the factors described above are possible. Subsequent decreases in fair value will be recognized in our consolidated statement of operations in the period in which they occur to the extent such decreases are deemed to be other than a required rebound assumption. Any subsequent increase in fair value will be recognized in our consolidated statement of operations in the period in which they occur to the extent such increases are deemed to be other than a required rebound assumption.

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QVC's operating results are as follows:

Net revenue is generated in the following geographical areas:

QVC's net revenue increased 1.0% and decreased 1.3% for the years ended December 31, 2009 and 2008, respectively, as compared to the corresponding prior year. The 2009 increase is comprised of \$124 million due to a 2.1% increase in the average sales price per unit ("ASP"), \$86 million due to lower estimated product returns and \$46 million primarily due to an increase in shipping and handling revenue. These increases were partially offset by a \$129 million decrease due to a 2.1% decrease in the number of units sold. The 2008 decrease is primarily due to a 2.1% decrease in the number of units sold and a 0.6% decrease in the average sales price per unit. The decrease in the average sales price per unit is primarily due to a 0.6% decrease in the average sales price per unit and a 0.6% decrease in the average sales price per unit. The decrease in the average sales price per unit is primarily due to a 0.6% decrease in the average sales price per unit and a 0.6% decrease in the average sales price per unit.



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

	Percentage increase (decrease) in net revenue			
	Year ended		Year ended	
	December 31, 2009		December 31, 2008	
	U.S. dollars	Local currency	U.S. dollars	Local currency
QVC-US	1.5%	1.5%	(5.7)%	(5.7)%
QVC-UK	(12.4)%	2.2%	(6.6)%	2.0%
QVC-Germany	(1.3)%	3.1%	9.7%	3.1%
QVC-Japan	11.4%	1.4%	27.1%	11.0%

QVC's net revenue increased in local currency in each geographical area for the year ended December 31, 2009 as compared to corresponding prior year period. QVC-US net revenue increased 13.4% in the fourth quarter of 2009 compared to a year-over-year decline in the first quarter and second quarter 2009 of 10.5% and 2.0%, respectively, and a 2.3% increase in the third quarter 2009. The growth in net revenue for the year ended December 31, 2009 as compared to the corresponding prior year period of 1.5% is due primarily to a decrease in return rates and an increase in shipping and handling revenue due to the full implementation and increased customer usage of prepaid return labels. In the fourth quarter of 2009, QVC-UK showed greater year-over-year growth in net revenue in local currency for the third consecutive quarter, resulting in a year to date net growth of 2.2% in local currency. The growth is the result of increased sales in the apparel and beauty product categories. QVC-Germany's net revenue in local currency increased 3.1% as they continue efforts to grow the beauty business. For the year ended December 31, 2009, QVC-Japan experienced growth in the accessories, apparel and jewelry product categories and declines in sales of home, health and beauty products.

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, 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.

QVC's gross profit percentage was 35.5%, 35.4% and 36.7% for the years ended December 31, 2009, 2008 and 2007, respectively. The decrease in gross profit percentage in 2008 is primarily due to lower initial product margins across all product categories.

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 decreased 2.7% and increased 1.9% for the years ended December 31, 2009 and 2008, respectively, as compared to the corresponding prior year period. The decrease in 2009 operating expenses is due primarily to lower customer service expenses due to staff efficiencies. As a percentage of net revenue, operating expenses were 9.3%, 9.6% and 9.3% for 2009, 2008 and 2007, respectively. The 2008 increase in operating expenses as a percent of revenue is due primarily to programming expenses, which are generally fixed costs, and to a lesser extent, increased commissions expense due to new fixed-rate agreements in QVC-UK and QVC-Japan.



due to a higher effective rate for Starz Entertainment's services and \$21 million due to new products and services. The increase in revenue in 2008 is comprised of \$33 million due to a higher effective rate for Starz Entertainment's services and \$12 million due to growth in the weighted 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 increased 2.8% and 6.7% in 2009 and 2008, respectively; and EMP average subscriptions were essentially flat in 2009 and increased 8.1% in 2008. The impact on revenue of subscription increases is affected by the relative percentages of increases under consignment agreements and fixed-rate affiliation agreements. In this regard, in 2009 subscriptions under fixed-rate agreements decreased while subscriptions under consignment agreements increased. Conversely, in 2008, subscriptions under fixed-rate affiliation agreements increased at a higher rate than subscriptions under consignment agreements.

Starz Entertainment's operating expenses were relatively flat in 2009 and decreased 2.5% in 2008, as compared to the corresponding prior year. Programming expenses are Starz Entertainment's primary operating expense and comprised approximately 91% of the total for 2009. Starz Entertainment has been able to reduce its programming expenses in recent years with expenses decreasing from \$656 million in 2007 to \$629 million in 2008 to \$615 million in 2009. The 2009 decrease in programming expenses is due to a decrease in the percentage of first-run movie exhibitions (which have a relatively higher cost per t

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In November 2006, TruePosition signed an amendment to its existing services contract with AT&T Corp. that requires TruePosition to develop and deliver additional software features. Because TruePosition did not meet GAAP requirements for revenue recognition, TruePosition was required to defer revenue recognition until all contracted items had been delivered. TruePosition is currently evaluating recently issued accounting standards and believes that based on these new rules it may be able to recognize revenue from this contract upon adoption of the new rules in 2010. It is expected that accounting for TruePosition's services contract with its other major customer, T-Mobile, Inc., will be similar. It should be noted that both AT&T and T-Mobile are paying currently for services they receive and that the aforementioned deferrals have normal gross profit margins included.

The Capital Group's Adjusted OIBDA

Item 7A. 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 financing 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 December 31, 2009, our debt is comprised of the following amounts.

In addition, QVC has entered into (i) interest rate swaps with an aggregate notional amount of \$2.2 billion pursuant to which it pays a fixed rate of 5.0-5.3% and receives variable payments at 3-month LIBOR 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.

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

At December 31, 2009, the fair value of our AFS securities attributed to the Capital Group was \$3,333 million. Had the market price of such securities been 10% lower at December 31, 2009, the aggregate value of such securities would have been \$333 million lower. 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 reclassified

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

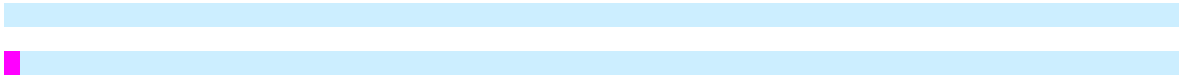
CONSOLIDATED BALANCE SHEETS

December 31, 2009 and 2008

	2009	2008
	amounts in millions	
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,835	3,060
Trade and other receivables, net	1,518	1,508
Inventory, net	985	1,032
Program rights	469	491
Financial instruments (note 9)	752	1,133
Other current assets	168	232
Assets of discontinued operations—current (note 5)	—	163
Total current assets	<u>8,727</u>	<u>7,619</u>
Investments in available-for-sale securities and other cost investments, including \$851 million and \$392 million pledged as collateral for share borrowing arrangements (note 7)	4,120	2,857
Long-term financial instruments (note 9)	—	1,166
Investments in affiliates, accounted for using the equity method (note 8)	1,030	1,136
Property and equipment, at cost	2,163	2,023
Accumulated depreciation	(858)	(695)
	<u>1,305</u>	<u>1,328</u>
Intangible assets not subject to amortization (note 10):		
Goodwill	6,227	6,201
Trademarks	2,508	2,505
Other	153	158
	<u>8,886</u>	<u>8,864</u>
Intangible assets subject to amortization, net (note 10)	<u>3,027</u>	<u>3,102</u>
	<u><u> </u></u>	<u><u> </u></u>

(continued)

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
December 31, 2009 and 2008

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See accompanying notes to consolidated financial statements.





LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2009, 2008 and 2007

(1) Basis of Presentation

The accompanying 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 transactions have been eliminated.



LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

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. As of December 31, 2009, the assets and businesses Liberty has attributed to the Interactive Group b"Rk R ' R)to the (C), Wupattribut whic333333Group b"R

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

- \$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 attribute Exchange b; g
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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

Program rights are amortized on a film-by-film basis over the anticipated number of exhibitions. Program rights payable are initially recorded at the estimated cost of the programs when the film is available for airing. m isie ei

Investment in films and television programs generally includes the cost of production and television programs generated by the network.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

The Company uses various derivative instruments including equity collars and interest rate swaps to manage fair value and cash flow risk associated with certain of its investments and some of its variable rate debt. Liberty's derivative instruments are executed with counterparties who are well known major financial institutions. While Liberty believes 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 it

LIBERTY MEDIA CORPORATIO



LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidate



LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

Summarized unaudited financial information for DIRECTV is as follows:

DIRECTV Consolidated Balance Sheets

	December 31,	
	2009	2008
	amounts in millions	
Current assets	\$ 5,055	4,044
Satellites, net	2,338	2,476
Property and equipment, net	4,138	4,171
Goodwill	4,164	3,753
Intangible assets	1,131	1,172
Oth,472		

DIRECTV Consolidated Statements of Operations

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, and 2007

On November 19, 2009, Liberty completed a business combination transaction among Liberty, DIRECTV, and DIRECTV. Liberty held a 57% interest in DIRECTV (which had a carrying value of \$1.5 billion at the time of the Split-off), 100% interest in Liberty Sports Holdings, LLC, 65% interest in Game Show Network, LLC and approximately \$20 million in cash and cash equivalents, and approximately \$2 billion of indebtedness. All other businesses, assets and liabilities that were attributed to the Entertainment business. At the time of the Split-off, Liberty Sports Holdings, LLC had \$1.5 billion of cash and cash equivalents and approximately \$2 billion of indebtedness.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

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

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

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

On May 17, 2007, Liberty completed a transaction (the "Time Warner Exchange") with Time Warner in which Liberty exchanged approximately 68.5 million shares of Time Warner common stock valued at \$1,479 million for a subsidiary of Time Warner which held ANLBC, Leisure Arts, Inc. and \$984 million in cash. Liberty recognized a pre-tax gain of \$582 million based on the difference between the fair value and the weighted average cost basis of the Time Warner shares exchanged.

In March 2009, Time Warner Inc. completed the separation of Time Warner Cable from Time Warner Inc. by way of a dividend to Time Warner Inc. shareholders, including Liberty. Liberty received 8.6 million shares of Time Warner Cable and recorded its investment in Time Warner Cable based on

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

an allocation of its basis in Time Warner Inc. No gain or loss was recognized in connection with this transaction.

On April 16, 2007, Liberty completed a transaction (the "CBS Exchange") with CBS Corporation pursuant to which Liberty exchanged all of its 7.6 million w/Ha

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007



LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

Our share of losses of Expedia for the year ended December 31, 2008 includes a \$119 million other than temporary impairment charge. The market value of the Company's investment in Expedia was \$1,781 million and \$ ' c

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

Expedia Consolidated Statements of Operations

As described in note 7, IAC completed the spin off of HSN, Interval, Ticketmaster and Lending Tree (the "IAC Spin Off Companies") on August 21, 2008. Liberty received an approximate 30% ownership interest in each of the IAC Spin Off Companies. Liberty allocated its carrying value in IAC prior to the spin off among IAC and the IAC Spin Off Companies based on their relative fair values at the time of the spin off. Liberty received no super voting shares in and has no special voting arrangements with respect to any of the IAC Spin Off Companies (other than with respect to the election of directors), and therefore, accounts for its interests using the equity method of accounting. Liberty has elected to record its share of earnings/losses for each of the IAC Spin Off Companies on a three mon it ft

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

During 2009, Liberty made equity contributions and loans to SIRIUS XM and made open market purchases of SIRIUS XM public debt. On February 17, 2009, Liberty and SIRIUS XM entered into a senior secured purchase agreement.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

(9) Financial Instruments

The Company uses equity collars in its 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 the underlying securities at a predetermined price.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

The Company's financial instruments are summarized as follows:

<u>Type of financial instrument</u>	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
	<u>amounts in millions</u>	
<i>Assu</i>		
<i>LIBERTY</i>		
<i>CP</i>		
<i>AV</i>		
<i>VB Bp</i>		
<i>VB B p</i>		
<i>VB p</i>		
<i>VB B p</i>		
<i>VBH</i>		
<i>nF R</i>		

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

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

	<u>Year</u>	<u>End</u>	<u>WS</u>	<u>W</u>	A

(10) Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill are as follows:



LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

December 31, 2009, 2008 and 2007

Each \$1,000 debenture of Liberty's 3.125% Exchangeable Senior Debentures is exchangeable at the holder's option for the value of 19.136 shares of Time Warner common stock, 4.8033 shares of Time Warner Cable common stock and 1.7396 shares of AOL Inc. common stock. Liberty may, at its election, pay the exchange value in cash, Time Warner, Time Warner Cable and AOL common stock, shares of Liberty common stock or a combination thereof. On or after April 5, 2013, Liberty, at its option, may redeem the debentures, in whole or in part, for cash equal to the face amount of the debentures plus accrued interest. On March 30, 2013 or March 30, 2018, each holder may cause Liberty to purchase its exchangeable debentures, and Liberty, at its election, may pay the purchase price in shares of Time Warner, Time Warner Cable and AOL common stock, cash, Liberty common stock, or any combination thereof.

Each \$1,000 debenture of Liberty's 4% Exchangeable Senior Debentures is exchangeable at the holder's option for the value of 11.4743 shares of Sprint common stock and .786 shares of CenturyTel common stock. Liberty may, at its election, pay the exchange value in cash, Sprint and CenturyTel common stock or a combination thereof. Liberty, at its option, may redeem the debentures, in whole or in part, for cash generally equal to the face amount of the debentures plus accrued interest.

Each \$1,000 debenture of Liberty's 3.75% Exchangeable Senior Debentures is exchangeable at the holder's option for the value of 8.3882 shares of Sprint common stock and .5746 shares of CenturyTel common stock. Liberty may, at its election, pay the exchange value in cash, Sprint and CenturyTel common stock or a combination thereof. Liberty, at its option, may redeem the debentures, in whole or in part, for cash equal to the face amount of the debentures plus accrued interest.

Each \$1,000 debenture of Liberty's 3.5% Exchangeable Senior Debentures (the "Motorola Exchangeables") is exchangeable at the holder's option for the value of 36.8189 shares of Motorola common stock. Such exchange value is payable, at Liberty's option, in cash, Motorola stock or a combination thereof. Liberty, at its option, may redeem the debentures, in whole or in part, for cash generally equal to the face amount of the debentures plus accrued interest.



LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

During the third quarter of 2009, QV1 of 2009 S s h



LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****December 31, 2009, 2008 and 2007**

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 rates ranging from 2.98% to 3.67% and receive variable payments at 3 month LIBOR. These swap arrangements are not accounted for as cash flow hedges.

Other subsidiary debt at December 31, 2009 is comprised of capitalized satellite transponder lease obligations and bank debt of certain subsidiaries.

The U.S. dollar equivalent of the annual principal maturities of Liberty's debt for each of the next five years is as follows (amounts in millions):

2010	\$ 1,536
2011	\$ 728
2012	\$ 1,166
2013	\$ 1,217
2014	\$ 1,080

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 consolidated balance sheets is as follows:

	December 31,	
	2009	2008
	amounts in millions	
Fixed rate senior notes	\$ 774	618
Senior debentures	\$ 722	501

The fair value of the QVC Notes was approximately \$1,016 million as of December 31, 2009. Due to its variable rate nature, Liberty believes that the carrying amount of its subsidiary debt and other parent debt, approximated fair value at December 31, 2009.



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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

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Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

As of December 31, 2009, there were 5.1 million shares of Series A Liberty Capital common stock, respectively, reserved for issuance under exercise privileges of outstanding stock options.

As of December 31, 2009, there were 40.8 million and 7.5 million shares of Series A and Series B Liberty Interactive common stock, respectively, reserved for issuance under exercise privileges of outstanding stock options.

As of December 31, 2009, there were 2.6 million and 0.6 million shares of Series A and Series B Liberty Starz common stock, respectively, reserved for issuance under exercise privileges of outstanding stock options.

In addition to the uses of stock options

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

During the year ended December 31, 2009, the Company settled put options on Series A Liberty Capital common stock for cash payments of \$5 million. As of December 31, 2009, put options with respect to 12.6 million shares of LINTA with a weighted average put price of \$17.26 remained outstanding. Such put options expire on or before November 30, 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 consolidated statements of operations.

(14) Transactions with Officers and Directors

On December 17, 2009, the Compensation Committee (the "Committee") of Liberty approved a new compensation arrangement for its President and Chief Executive Officer (the "CEO"). The arrangement provides for a five year employment term beginning January 1, 2010 and ending December 31, 2014, with an annual base salary of \$1.5 million, increasing annually by 5% of the prior year's base salary, and an annual target cash bonus equal to 200% of the applicable year's annual base salary. The arrangement also provides that, in the event the CEO is terminated for "cause" or terminates his employment without "good reason," he will be entitled only to his accrued base salary and any amounts due under applicable law, and he will forfeit all rights to his unvested restricted shares and unvested options. If, however, the CEO is terminated by Liberty without cause or if he terminates his employment for good reason, the arrangement provides for him to receive \$7.8 million and for his unvested restricted shares and unvested options to vest pro rata based on the portion of the term elapsed through the termination date plus 18 months and for all vested and accelerated options to remain exercisable until their respective expiration dates. Lastly, in the case of the CEO's death or his disability, the arrangement provides for a payment of \$7.8 million, for his unvested restricted shares and unvested options to fully vest and for his vested and accelerated options to remain exercisable until their respective expiration dates.

Also, on December 17, 2009, in connection with the approval of his compensation arrangement, the CEO received a one-time grant of options to purchase the following shares of Liberty with exercise prices equal to the closing sale prices of the applicable series of stock on the grant date: 8,743,000 shares of Series A Liberty Interactive common stock, 760,000 shares of Series A Liberty Starz common stock and 1,353,000 shares of Series A Liberty Capital common stock. One-half of the options will vest on the fourth anniversary of the grant date with the remaining options vesting on the fifth anniversary of the grant date, in each case, subject to the CEO being employed by Liberty on the applicable vesting date. The options will have a term of 10 years.

In the fourth quarter of 2009, the CEO invested \$2 million cash in Lockerz, LLC, a subsidiary of Liberty, in exchange for a 28.6% ownership interest.

On December 12, 2008, the Committee determined to modify its employment arrangements with its Chairman of the Board, to permit the Chairman to begin receiving payments in 2009 in satisfaction

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****December 31, 2009, 2008 and 2007**

Awards granted in 2009, 2008 and 2007 pursuant to the 2000 Plan, the 2007 Plan and the NDIP are summarized as follows:

	Year ended December 31,					
	2009		2008		2007	
	Options granted	Weighted average grant-date fair value	Options granted	Weighted average grant-date fair value	Options granted	Weighted average grant-date fair value
Series A Liberty Interactive	17,519,391	\$ 3.57	9,405,564	\$ 2.30	6,093,384	\$ 5.88
Series A Liberty Capital	1,649,511	\$ 12.17	1,285,787	\$ 1.19	739,681	\$ 28.78
Series A Liberty Starz	2,083,429	\$ 14.33	5,261,721	\$ 5.79	N/A	N/A

In addition, in April 2009, Liberty completed an exchange offer pursuant to which eligible employees of QVC and BuySeasons were offered the opportunity to exchange all (but not less than all) of their outstanding stock options to purchase shares of Series A Liberty Interactive common stock ("LINTA") with an exercise price greater than \$7.00 for new options to acquire shares of LINTA. Eligible option holders tendered an aggregate of 11,311,787 shares of LINTA. In exchange, Liberty granted the tendering option holders an aggregate of 2,828,022 options to purchase shares of LINTA with an exercise price of \$3.41 per share and 2,828,022 options to purchase shares of LINTA with an exercise price of \$6.00 per share. The difference between the fair value of the options granted in the exchange offer and the fair value of the options tendered, which aggregated \$3 million, will be recognized as stock compensation expense over the vesting term of the options granted.

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.

LIBERT



LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

The following table provides additional information about outstanding options to purchase



LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

these plans vest and become exercisable only when

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

(19) Commitments and Contingencies

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 bj

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2009, 2008 and 2007

During the period from March 9, 1999 to August 10, 2001, Liberty was included in the consolidated federal income tax return of AT&T and was a party to a tax sharing agreement with AT&T (the "AT&T Tax Sharing Agreement"). Pursuant to the AT&T Tax Sharing Agreement and in connection with Liberty's split off from AT&T in 2001, AT&T was required to pay Liberty an amount equal to 35% of the amount of the net operating losses reflected in TCI's final federal income tax return ("TCI NOLs") that had not been used as an offset to Liberty's obligations under the AT&T Tax Sharing Agreement and that had been, or were reasonably expected to be, utilized by AT&T.

AT&T has requested a refund from Liberty of \$91 million, plus accrued interest, relating to losses that it generated and was able to carry back to offset taxable income previously offset by Liberty's losses. AT&T has asserted that Liberty's losses caused AT&T to pay alternative minimum tax ("AMT") that it would not have been otherwise required to pay had Liberty's losses not been included in its return. Liberty has accrued approximately \$70 million representing its estimate of the amount it may ultimately pay (excluding accrued interest, if any) to AT&T as a result of these requests. Although Liberty has not reduced its accrual for any future refunds, Liberty believes it is entitled to a refund when AT&T is able to realize a benefit in the form of a credit for the AMT previously paid.

Although for accounting purposes Liberty has accrued a portion of the amounts claimed by AT&T to be owed by Liberty under the AT&T Tax Sharing Agreement, Liberty believes there are valid defenses or set-off or similar rights in its favor that may cause the total amount that it owes AT&T to be less than the amounts accrued; and under certain interpretations of the AT&T Tax Sharing Agreement, Liberty may be entitled to further reimbursements from AT&T.

(20) 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, operating sales and the primary measure of earnings. Liberty also uses revenue, Adjusted OIBDA, gross margin, operating sales and the primary measure of earnings to evaluate the performance of its operating segments.



PART III.

The following required information is incorporated by reference to our definitive proxy statement for our 2010 Annual Meeting of Shareholders presently scheduled to be held in the second quarter of 2010:

Item 10. Directors, Executive Officers and Corporate Governance

Item 11. Executive Compensation

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Item 13. Certain Relationships and Related Transactions

PART IV.

Item 15. Exhibits and F



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- 10.3 Second Amendment to Tax Sharing Agreement dated as of September 24, 1999, by and among AT&T Corp., Old Liberty, Tele-Communications, Inc., Liberty Ventures Group LLC, Liberty Media Group LLC, TCI Starz, Inc., TCI CT Holdings, Inc. and each Covered Entity listed on the signature pages thereof.*
- 10.4 Third Amendment to Tax Sharing Agreement dated as of October 20, 1999, by and among AT&T Corp., Old Liberty, Tele-Communications, Inc., Liberty Ventures Group LLC, Liberty Media Group LLC, TCI Starz, Inc., TCI CT Holdings, Inc. and each Covered Entity listed on the signature pages thereof.*
- 10.5 Fourth Amendment to Tax Sharing Agreement dated as of October 28, 1999, by and among AT&T Corp., Old Liberty, Tele-Communications, Inc., Liberty Ventures Group LLC, Liberty Media Group LLC, TCI Starz, Inc., TCI CT Holdings, Inc. and each Covered Entity listed on the signature pages thereof.*
- 10.6 Fifth Amendment to Tax Sharing Agreement dated as of December 6, 1999, by and among AT&T Corp., Old Liberty, Tele-Communications, Inc., Liberty Ventures Group LLC, Liberty Media Group LLC, TCI Starz, Inc., TCI CT Holdings, Inc. and each Covered Entity listed on the signature pages thereof.*
- 10.7 Sixth Amendment to Tax Sharing Agreement dated as of December 10, 1999, by and among AT&T Corp., Old Liberty, Tele-Communications, Inc., Liberty Ventures Group LLC, Liberty Media Group LLC, TCI Starz, Inc., TCI CT Holdings, Inc. and each Covered Entity listed on the signature pages thereof.*
- 10.8 Seventh Amendment to Tax Sharing Agreement dated as of December 30, 1999, by and among AT&T Corp., Old Liberty, Tele-Communications, Inc., Liberty Ventures Group LLC, Liberty Media Group LLC, TCI Starz, Inc., TCI CT Holdings, Inc. and each Covered Entity listed on the signature pages thereof.*
- 10.9 Eighth Amendment to Tax Sharing Agreement dated as of July 25, 2000, by and among AT&T Corp., Old Liberty, Tele-Communications, Inc., Liberty Ventures Group LLC, Liberty Media Group LLC, TCI Starz, Inc., TCI CT Holdings, Inc. and each Covered Entity listed on the signature pages thereof.*
- 10.10 Instrument dated Jan 3 2000, d 10

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- 10.15 Liberty Media Corporation 2000 Incentive Plan (As Amended and Restated Effective February 22, 2007) (the "2000 Incentive Plan").*
- 10.16 Liberty Media Corporation 2007 Incentive Plan (the "2007 Incentive Plan").*
- 10.17 Form of Non-Qualified Stock Option Agreement under the 2000 Incentive Plan and the 2007 Incentive Plan [for certain designated award recipients].*
- 10.18 Form of Non-Qualified Stock Option Agreement under the 2000 Incentive Plan and the 2007 Incentive Plan [for all other award recipients].*
- 10.19 Form of Restricted Stock Award Agreement under the 2000 Incentive Plan and the 2007 Incentive Plan [for certain designated award recipients].*
- 10.20 Form of Stock Appreciation Rights Agreement under the 2000 Incentive Plan and the 2007 Incentive Plan.*
- 10.21 Liberty Media Corporation 2002 Nonemployee Director Incentive Plan (As Amended and Restated Effective August 15, 2007) (the "Director Plan").*
- 10.22 Form of Stock Appreciation Rights Agreement under the Director Plan.*
- 10.23 Liberty Media Corporation 2006 Deferred Compensation Plan (incorporated by reference to Exhibit 99.1 to Liberty's Current Report on Form 8-K (File No. 000-51990) as filed on January 5, 2007).
- 10.24 Termination Agreement, dated as of March 27, 2009, between Old Liberty and Robert R. Bennett.*
- 006n Agreement
- 10.25 Letter Agreement regarding personal use of Liberty's aircraft, dated as of February 22, 2008, between Gregory B. Maffei and Liberty (incorporated by reference to Exhibit 10.38 to Liberty's Annual Report on Form 10-K for the year ended December 31, 2007 (File No. 000-25

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10.29	Credit Agreement, dated as of March 3, 2006, as amended and restated as of June 16, 2009, among QVC, Inc., JP Morgan Chase Bank, N.A., as administrative agent, Wachovia Capital Markets, LLC as syndication agent, and JP Morgan Securities Inc. and Wachovia Capital Markets, LLC, as joint lead arrangers and joint bookrunners, Mizuho Corporate Bank, Ltd., Calyon New York Branch and Royal Bank of Scotland PLC, as documentation agents, and the lenders party thereto from time to time (incorporated by reference to Exhibit 99.3 to the Liberty June 2009 8-K).
10.30	Form of Indemnification Agreement between Liberty and its executive officers/directors (incorporated by reference to Exhibit 10.37 to Liberty's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 000-51990) as filed on March 1, 2007) (the "Liberty 2006 10-K").
10.31	Share Exchange Agreement, dated as of December 22, 2006, by and between News Corporation and Liberty (the "News Agreement") (incorporated by reference to Exhibit 10.38 to the Liberty 2006 10-K).
10.32	Tax Matters Agreement, dated as of December 22, 2006, by and between News Corporation and Liberty (which is Exhibit A-I to the News Agreement) (incorporated by reference to Exhibit 10.39 to the Liberty 2006 10-K).
10.33	Voting and Right of First Refusal Agreement, dated as of May 3, 2009, by and among LEI, Old DTV, DIRECTV, John C. Malone, Leslie Malone, The Tracy L. Neal Trust A, and The Evan D. Malone Trust A, as amended on July 29, 2009 (incorporated by reference to Exhibit 10.3 to the Old DTV 8-K).
10.34	Amendment No. 1 to the Voting and Right of First Refusal Agreement, dated as of July 29, 2009, by and among LEI, Old DTV, DIRECTV, John C. Malone, Leslie Malone, The Tracy L. Neal Trust A, and The Evan D. Malone Trust A (incorporated by reference to Exhibit 99.1 to the Liberty July 2009 8-K).
10.35	Amendment No. 2 to the Voting and Right of First Refusal Agreement, dated as of October 2, 2009, by and among LEI, Old DTV, DIRECTV, John C. Malone, Leslie Malone, The Tracy L. Neal Trust A, and The Evan D. Malone Trust A (incorporated by reference to Exhibit 99.1 to the Liberty October 2009 8-K).
10.36	Voting, Standstill, Non-Competition and Non-Solicitation Agreement, dated as of May 3, 2009, by and among Liberty, LEI, Old DTV, DIRECTV, Greenlady Corporation, and Greenlady II, LLC (incorporated by reference to Exhibit 10.2 to Old DTV 8-K).
10.37	Tax Sharing Agreement, dated as of November 19, 2009, by and between Liberty and LEI (incorporated by reference to Exhibit 10.7 to Amendment No. 1 to the LEI Registration Statement on Form S-4 (File No: 333-158795) as filed on June 8, 2009).
21	Subsidiaries of Liberty Media Corporation.*
23.1	Consent of KPMG LLP.*
23.2	Consent of Ernst & Young LLP.*
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	Unaudited Attributed Financial Information for Tracking Stock Groups.*

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99.2 Reconciliation of Liberty Media Corporation Net Assets and Net Earnings

Consolidati



EXPEDIA, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2009	2008
(In thousands, except per share data)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 642,544	\$ 665,412
Restricted cash and cash equivalents	14,072	3,356
Short-term investments	45,849	92,762
Accounts receivable, net of allowance of \$14,562 and \$12,584	307,817	267,270
Prepaid merchant bookings	88,971	66,081
Prepaid expenses and other current assets	125,796	103,833
Total current assets	1,225,049	1,198,714
Property and equipment, net	236,820	247,954
Long-term investments and other assets	48,262	75,593
Intangible assets, net	823,031	833,419
Goodwill	3,603,994	3,538,569
TOTAL ASSETS	\$ 5,937,156	\$ 5,894,249
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable, merchant	\$ 652,893	\$ 625,059
Accounts payable, other	160,471	150,534
Deferred merchant bookings	679,305	523,563
Deferred revenue	17,204	15,774
Accrued expenses and other current liabilities	325,184	251,238
Total current liabilities	1,835,057	1,566,168
Long-term debt	895,086	894,548
Credit facility	—	650,000
Deferred income taxes, net	223,959	189,541
Other long-term liabilities	233,328	213,028
Commitments and contingencies		
Stockholders' equity:		
Preferred stock \$.001 par value	—	—
Authorized shares: 100,000		
Series A shares issued and outstanding: 1 and 1		
Common stock \$.001 par value	343	340
Authorized shares: 1,600,000		
Shares issued: 342,812 and 339,525		
Shares outstanding: 263,929 and 261,374		
Class B common stock \$.001 par value	26	26
Authorized shares: 400,000		
Shares issued and outstanding: 25,600 and 25,600		
Additional paid-in capital	6,034,164	5,979,484
Treasury stock—Common stock, at cost	(1,739,198)	(1,731,235)
Shares: 78,883 and 78,151		
Retained earnings (deficit)	(1,616,033)	(1,915,559)
Accumulated other comprehensive income (loss)	3,379	(16,002)
Total Expedia, Inc. stockholders' equity	2,682,681	2,317,054

See notes to consolidated financial statements.

Expedia, Inc.

Notes to



Expedia, Inc.

Notes to Consolidated Financial Statements (Continued)

Packages. Packages assembled by travelers through the packaging model on our websites include a merchant hotel component and some combination of an air, car or destination services component. The individual package components are recognized in accordance with our revenue recognition policies stated above.

Click-Through Fees. We record revenue from click-through fees charged to our travel partners for traveler leads sent to the travel partners' websites. We record revenue from click-through fees after the traveler makes the click-through to the related travel partners' websites.

Advertising. We record advertising revenue ratably over the advertising period or upon delivery of advertising impressions, depending on the terms of the advertising contract.

Other. We record revenue from all other sources either upon delivery or when we provide the service.

Our cash and cash equivalents include cash and liquid financial instruments with maturities of 90 days or less when purchased.

Our short-term investments consist of time deposits with financial institutions held by eLong with maturities greater than 90 days but less than one year.

Accounts receivable are generally due within thirty days and are recorded net of an allowance for doubtful accounts. We consider accounts outstanding longer than the contractual payment terms as past due. We determine our allowance by considering a number of factors, including the length of time trade accounts receivable are past due, previous loss history, a specific customer's ability to pay its obligations to us, and the condition of the general economy and industry as a whole.

At December 31, 2009 and 2008, we had \$5 million and \$16 million in redemptions of money market holdings due from the Reserve Primary Fund (the "Fund"), which has been liquidating since the fourth quarter of 2008. As of December 31, 2009, we had received \$75 million, of the original \$80 million we reclassified from cash and cash equivalents to prepaid expenses and other current assets during 2008. In January 2010, we received a \$5 million distribution from the Fund.

We record property and equipment at cost, net of accumulated depreciation and amortization. We also capitalize certain costs incurred related to the development of internal use software. We capitalize costs incurred during the application development stage related to the development of internal use software. We expense costs incurred related to the planning and post-implementation phases of development as incurred.

We compute depreciation using the straight-line method over the estimated useful lives of the assets, which is three to five years for computer equipment, capitalized software development and

Expedia, Inc.

Notes to Consolidated Financial Statements (Continued)

and trademarks, using the relief-from-royalty method. This method assumes that the trade name and trademarks have value to the extent that their owner is relieved of the obligation to pay royalties for the benefit



Expedia, Inc.

Notes to Consolidated Financial Statements (Continued)

On January 1, 2007, we adopted authoritative guidance issued by the FASB related to uncertain tax positions. This guidance relates to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and requires that we recognize in our financial statements the impact of a tax position, if that position is more likely than not to be sustained upon an examination, based on the technical merits of the position.

Some states and localities impose a transient occupancy or accommodation tax on the use or occupancy of hotel accommodations. Generally, hotels charge taxes based on the room rate paid to the hotel and remit these taxes to the various tax authorities. When a customer books a room through one of our travel services, we collect a tax recovery charge from the customer which we pay to the hotel. We do not collect or remit occupancy taxes, nor do we pay occupancy taxes to the hotel operator on the portion of the customer payment we retain. Some jurisdictions have questioned our practice in this regard. While the applicable tax provisions vary among the jurisdictions, we generally believe that we are not required to collect and remit such occupancy taxes. We are engaged in discussions with tax authorities in various jurisdictions to resolve this issue. Some tax authorities have brought lawsuits or have levied assessments asserting that we are required to collect and remit occupancy tax. The ultimate resolution in all jurisdictions cannot be determined at this time. We have established a reserve for the potential settlement of issues related to hotel occupancy taxes when determined to be probable and estimable. See Note 14—Commitment and Contingencies for further discussion.

We present taxes that we collect from customers and remit to government authorities on a net basis in our consolidated statements of operations.

Derivative instruments are carried at fair value on our consolidated balance sheets. The fair values of the derivative financial instruments generally represent the estimated amounts we would expect to receive or pay upon termination of the contracts as of the reporting date.

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Expedia, Inc.

Notes to Consolidated Financial Statements (Continued)

revenue based on estimated future redemption rates. We estimate our redemption rates using our historical experience for concession offers.

Loyalty and Points Based Offers. We offer certain internally administered traveler loyalty programs to our customers, such as our hotels.com welcomerewards program. Welcomerewards offers travelers one free night at any hotels.com partner property after that traveler stays 10 nights, subject to certain restrictions. As travelers accumulate points towards free travel products, we record a liability for the estimated future cost of redemptions. We determine the future redemption obligation based on judgment factors including: (i) the estimated cost of travel products to be redeemed, and (ii) an estimated redemption rate based on the overall accumulation and usage of points towards free travel products, which is determined through current and historical trends as well as statistical modeling techniques.

We incur advertising expense consisting of offline costs, including television and radio advertising, and online advertising expense to promote our brands. We expense the production costs associated with advertisements in the period in which the advertisement first takes place. We expense the costs of communicating the advertisement (e.g., television airtime) as incurred each time the advertisement is shown. For the years ended December 31, 2009, 2008 and 2007, our advertising expense was \$543 million, \$598 million and \$539 million. As of both December 31, 2009 and 2008, we had \$10 million of prepaid marketing expenses included in prepaid expenses and other current assets.

We measure and amortize the fair value of stock options and restricted stock units ("RSUs") as follows:

Stock Options. We measure the value of stock options issued or modified, including unvested options assumed in acquisitions, on the grant date (or modification or acquisition dates, if applicable) at fair value, using the Black-Scholes option valuation model. The Black-Scholes model incorporates various assumptions including expected volatility, expected term and risk-free interest rates. The expected volatility is based on historical volatility of our common stock and other relevant factors. We base our expected term assumptions on our historical experience and on the terms and conditions of the stock awards granted to employees. We amortize the fair value, net of estimated forfeitures, over the remaining vesting term on a straight-line basis. The majority of our stock options vest over four years.

Restricted Stock Units. RSUs are stock awards that are granted to employees entitling the holder to shares of common stock as th a

Expedia, Inc.

Notes to Consolidated Financial Statements



Expedia, Inc.

Notes to Consolidated Financial Statement



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Expedia, Inc.

Notes to Consolidated Financial Statements (Continued)

acquired companies during 2007. As a result of these acquisitions, we recorded \$126 million in goodwill and \$18 million of intangible assets with definite lives. The results of operations of each of the acquired businesses have been included in our consolidated results from each transaction closing date forward; their effect on consolidated net revenue and operating income during 2007 was not significant. The December 31, 2007 accrued purchase consideration represented \$92 million of \$100 million total additional purchase price that could be achieved based on the annual results of 2007 or 2008, or the two periods combined. Based on the 2007 and 2008 annual results of the acquiree, we ultimately paid the total additional achievable purchase price of \$100 million, \$93 million of which was paid in 2008 and \$7 million of which was paid in 2009.

During 2007, we also acquired a 50% ownership interest in a travel company for \$26 million in cash. We included this investment in long-term investments and other assets and accounted for it under the equity-method. In 2009, we acquired an additional interest for \$3 million in cash, which was included within the 2009 total purchase price above, and resulted in a 60% majority ownership interest and our consolidation of this entity. In conjunction with our acquisition of additional interest, we remeasured our pre-acquisition

Expedia, Inc.

Notes to Consolidated Financial Statements (Continued)

NOTE 5—Goodwill and Intangible Assets, Net

The following table presad, .



Expedia, Inc.

Notes to Consolidated ~~Z1~~ Z1





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Notes to Consolidated Financial Statements (continued)

The following table presents a summary of outstanding options and restricted stock units as of December 31, 2009:

Range of Exercise Price	Shares	Options Outstanding	Options Exercisable
\$ 0.01 - \$ 0.05	(In thousands)	4,000	0
\$ 0.06 - \$ 0.10			
\$ 0.11 - \$ 0.15			
\$ 0.16 - \$ 0.20			
\$ 0.21 - \$ 0.25			
\$ 0.26 - \$ 0.30			
\$ 0.31 - \$ 0.35			
\$ 0.36 - \$ 0.40			
\$ 0.41 - \$ 0.45			
\$ 0.46 - \$ 0.50			
\$ 0.51 - \$ 0.55			
\$ 0.56 - \$ 0.60			
\$ 0.61 - \$ 0.65			
\$ 0.66 - \$ 0.70			
\$ 0.71 - \$ 0.75			
\$ 0.76 - \$ 0.80			
\$ 0.81 - \$ 0.85			
\$ 0.86 - \$ 0.90			
\$ 0.91 - \$ 0.95			
\$ 0.96 - \$ 1.00			
\$ 1.01 - \$ 1.05			
\$ 1.06 - \$ 1.10			
\$ 1.11 - \$ 1.15			
\$ 1.16 - \$ 1.20			
\$ 1.21 - \$ 1.25			
\$ 1.26 - \$ 1.30			
\$ 1.31 - \$ 1.35			
\$ 1.36 - \$ 1.40			
\$ 1.41 - \$ 1.45			
\$ 1.46 - \$ 1.50			
\$ 1.51 - \$ 1.55			
\$ 1.56 - \$ 1.60			
\$ 1.61 - \$ 1.65			
\$ 1.66 - \$ 1.70			
\$ 1.71 - \$ 1.75			
\$ 1.76 - \$ 1.80			
\$ 1.81 - \$ 1.85			
\$ 1.86 - \$ 1.90			
\$ 1.91 - \$ 1.95			
\$ 1.96 - \$ 2.00			
\$ 2.01 - \$ 2.05			
\$ 2.06 - \$ 2.10			
\$ 2.11 - \$ 2.15			
\$ 2.16 - \$ 2.20			
\$ 2.21 - \$ 2.25			
\$ 2.26 - \$ 2.30			
\$ 2.31 - \$ 2.35			
\$ 2.36 - \$ 2.40			
\$ 2.41 - \$ 2.45			
\$ 2.46 - \$ 2.50			
\$ 2.51 - \$ 2.55			
\$ 2.56 - \$ 2.60			
\$ 2.61 - \$ 2.65			
\$ 2.66 - \$ 2.70			
\$ 2.71 - \$ 2.75			
\$ 2.76 - \$ 2.80			
\$ 2.81 - \$ 2.85			
\$ 2.86 - \$ 2.90			
\$ 2.91 - \$ 2.95			
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\$ 3.61 - \$ 3.65			
\$ 3.66 - \$ 3.70			
\$ 3.71 - \$ 3.75			
\$ 3.76 - \$ 3.80			
\$ 3.81 - \$ 3.85			
\$ 3.86 - \$ 3.90			
\$ 3.91 - \$ 3.95			
\$ 3.96 - \$ 4.00			
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\$ 6.71 - \$ 6.75			
\$ 6.76 - \$ 6.80			
\$ 6.81 - \$ 6.85			
\$ 6.86 - \$ 6.90			
\$ 6.91 - \$ 6.95			
\$ 6.96 - \$ 7.00			
\$ 7.01 - \$ 7.05			
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\$ 7.81 - \$ 7.85			
\$ 7.86 - \$ 7.90			
\$ 7.91 - \$ 7.95			
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\$ 8.71 - \$ 8.75			
\$ 8.76 - \$ 8.80			
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\$ 8.86 - \$ 8.90			
\$ 8.91 - \$ 8.95			
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\$ 9.61 - \$ 9.65			
\$ 9.66 - \$ 9.70			
\$ 9.71 - \$ 9.75			
\$ 9.76 - \$ 9.80			
\$ 9.81 - \$ 9.85			
\$ 9.86 - \$ 9.90			
\$ 9.91 - \$ 9.95			
\$ 9.96 - \$ 10.00			

RSUs, which are awards that are granted to employees, are measured to fair value at the end of each reporting period. These awards that settle in cash and the related expense are insignificant. Our RSUs generally vest over a period of three years, but may accelerate in certain circumstances, including certain changes in control.

The following table presents a summary of RSU activity:

The total fair value of shares vested and released during the years ended December 31, 2009, 2008 and 2007 was \$27 million, \$42 million and \$37 million. Included in RSUs outstanding at December 31, 2009 are 800,000 of RSUs awarded to our Chief Executive Officer, for which vesting is tied to achievement of performance targets.

Expedia, Inc.

Notes to Consolidated Financial Statements (Continued)

In 2009, 2008 and 2007, we recognized total stock-based compensation expense of \$62 million, \$61 million and \$63 million. The total income tax benefit related to stock-based compensation expense was \$20 million, \$21 million and \$22 million for 2009, 2008 and 2007.

Cash received from stock-based award exercises for the years ended December 31, 2009 and 2008 was \$16 million and \$6 million. Our employees that held IAC vested stock o



Expedia, Inc.

Notes to Consolidated Financial



Expedia, Inc.

Notes to Consolidated Financial Statements (Continued)

A reconciliation of total income tax expense to the amounts computed by applying the statutory federal income tax rate to income before income taxes is as follows:



Expedia, Inc.**Notes to Consolidated Financial Statements (Continued)**

On February 10, 2010, the Executive Committee, acting on behalf of the Board of Directors, declared a quarterly cash dividend of \$0.07 per share of outstanding common stock, the first dividend in our history. Future declarations of dividends are subject to final determination of our Board of Directors.

Accumulated other comprehensive income (loss), net of tax for 2009 and 2008 is comprised of accumulated foreign currency translation adjustments.

The following table presents the changes in the components of other comprehensive income (loss), net of tax:

	For the Year Ended December 31,		
	2009	2008	2007
		(In thousands)	
Net income (loss)	\$ 303,623	\$ (2,520,670)	\$ 293,870
Other comprehensive income (loss)			
Currency translation adjustments	19,635	(36,088)	16,768
Unrealized gains (losses) on derivatives, net of taxes:			
Unrealized holding gains (losses), net of tax effect of \$(2,058) in 2008 and \$2,078 in 2007	—	3,614	(5,545)
Less: reclassification adjustment for net (gains) losses recognized during the period, net of tax effect of \$2,255 in 2008 and \$(3,210) in 2007	—	(3,953)	8,563
Comprehensive income (loss)	323,258	(2,557,097)	313,656
Less: Comprehensive income attributable to non-controlling interests	(4,351)	(364)	(2,571)
Comprehensive income (loss) attributable to Expedia, Inc.	<u>\$ 318,907</u>	<u>\$ (2,557,461)</u>	<u>\$ 311,085</u>

NOTE 11—Earnings Per Share

Basic earnings per share was calculated for the years ended December 31, 2009, 2008 and 2007 using the weighted average number of common and Class B common shares outstanding during the period excluding restricted stock and stock held in escrow. As of December 31, 2009 and 2008, we had 751 shares of preferred stock outstanding, the impact of which on our earnings per share calculation is immaterial.

For the years ended December 31, 2009, 2008 and 2007, we computed diluted earnings per share using (i) the number of shares of common stock and Class B common stock used in the basic earnings per share calculation as indicated above (ii) if dilutive, the incremental common stock that we would

Expedia, Inc.

Notes to Consolidated Financial Statements (Continued)

issue upon the assumed exercise of stock options and stock warrants and the vesting of RSUs using the treasury stock method, and (iii) other stock-based commitments.

The following table presents our basic and diluted net income (loss) per share:

	Year ended	December 31,	December 31,	December 31,
	2008	2007	2006	2005
	Basic	Diluted	Basic	Diluted

As we recorded a net loss for 2008, we have revised our diluted earnings per share amounts for that period to exclude the impacts of common stock equivalents, as they are antidilutive. Thus, basic and diluted earnings per share for 2008 are equal.

The earnings per share amounts are the same for common stock and Class B common stock because the holders of each class are legally entitled to equal per share distributions whether through dividends or in liquidation.

NOTE 12—Restructuring Charges

In conjunction with the reorganization of our business around our global brands, and the resulting centralization of locations and brand management, marketing and administrative personnel as well as certain customer operations centers, we recognized \$34 million in restructuring charges during the year ended December 31, 2009. Restructuring charges related to our brand reorganization were substantially completed by the end of 2009.

The following table summarizes the restructuring activity for the year ended December 31, 2009:

Expedia, Inc.

Notes to Consolidated Financial Statements (Continued)

NOTE 13—Other Income (Expense)

The following table presents the components of other, net:

In 2009, in conjunction with the acquisition of additional interest in one of our equity method investments, we remeasured our previously held equity interest to fair value and recognized

Expedia, Inc.

Notes to Consolidated Financial Statements (Continued)

NOTE 14—Commitments and Contingencies

We have commitments and obligations that include purchase obligations, guarantees and LOCs, which could potentially require our payment in the event of demands by third parties or contingent events. The following table presents these commitments and obligations as of December 31, 2009:

	Total	By Period			More than 5 years
		Less than 1 year	1 to 3 years (In thousands)	3 to 5 years	
Purchase obligations	\$ 58,392	\$ 32,255	\$ 26,137	\$ —	\$ —
Guarantees	;	'			

Our purchase obligations represent the minimum obligations we have under agreements with certain of our vendors. These minimum obligations are less than our projected use for those periods. Payments may be more than the minimum obligations based on actual use.

We have guarantees primarily related to a specific country aviation authority for the potential non-delivery, by us, of packaged travel sold in that country. The authority also requires that a portion of the total amount of packaged travel sold be bonded.

Our LOCs consist of stand-by LOCs, underwritten by a group of lenders, which we primarily issue to certain hotel properties to secure our payment for hotel room transactions. The contractual expiration dates of these LOCs are shown in the table above. There were no claims made against any stand-by LOCs during the years ended December 31, 2009, 2008 and 2007.

We have contractual obligations in the form of operating leases for office space and related office equipment for which we record the related expense on a monthly basis. Certain leases contain periodic rent escalation adjustments and renewal options. Rent expense related to such leases is recorded on a straight-line basis. Operating lease obligations expire at various dates with the latest maturity in 2018. For the years ended December 31, 2009, 2008 and 2007, we recorded rental expense of \$50 million, \$49 million and \$33 million.

The following table presents our estimated future minimum rental payments under operating leases with noncancelable lease terms that expire after December 31, 2009, in thousands:

Expedia, Inc.

Notes to Consolidated Financial Statements (Continued)

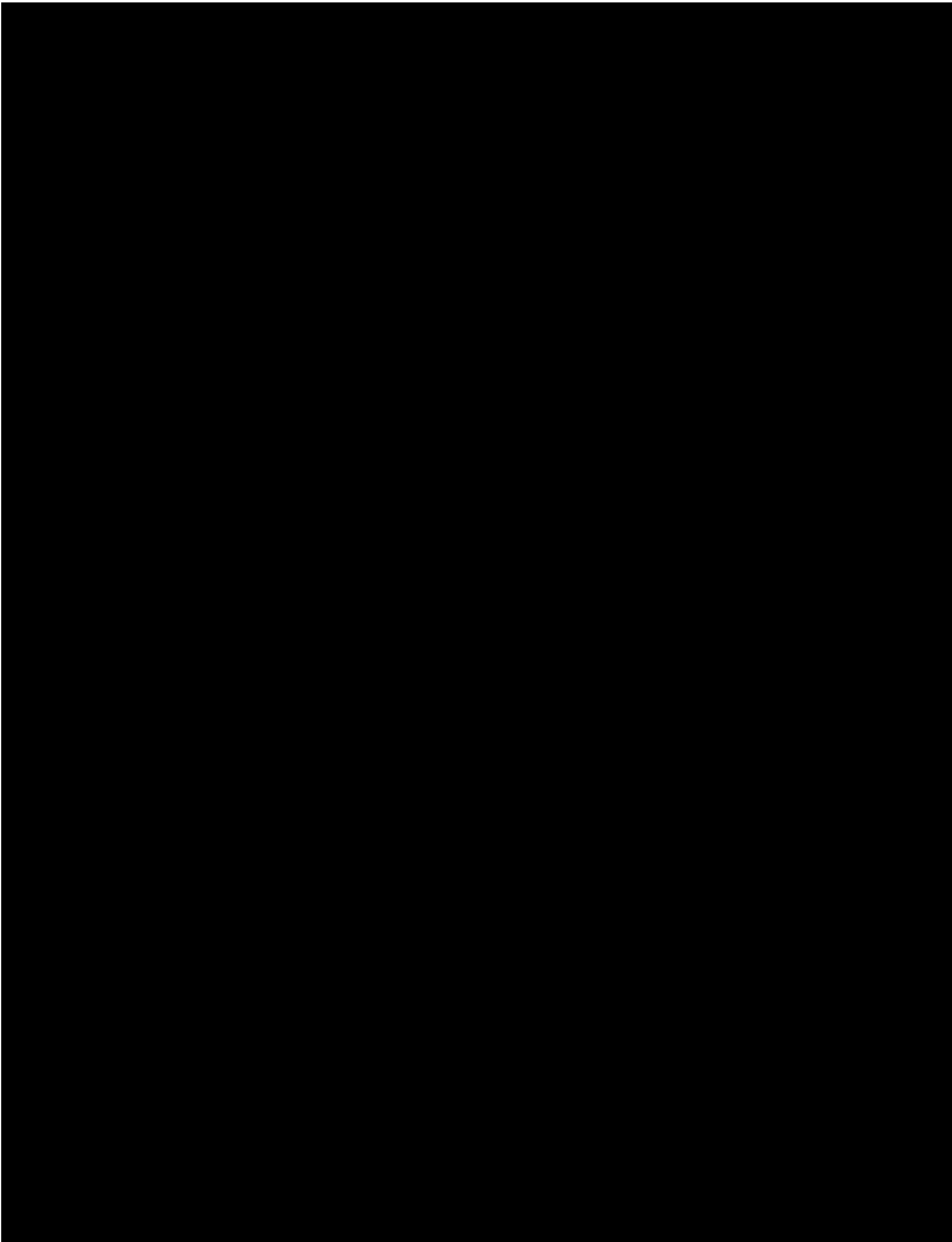
segments, we do not report the assets or related depreciation expense as it would not be meaningful, nor do we regularly provide such information to our chief operating decision makers.

	Year ended December 31, 2009				Total
	Leisure	TripAdvisor Media Network	Egencia	Corporate & Eliminations	
	(In thousands)				
Third-party revenue	\$ 2,634,766	\$ 212,375	\$ 108,285	\$ —	\$ 2,955,426
Intersegment revenue	—	139,714	—	(139,714)	—
Revenue	<u>\$ 2,634,766</u>	<u>\$ 352,089</u>	<u>\$ 108,285</u>	<u>\$ (139,714)</u>	<u>\$ 2,955,426</u>
Operating Income Beu					

Expedia, Inc.

Notes to Consolidated Financial Statements (Continued)









Expedia, Inc.

Notes to Consolidated Financial Statements (Continued)

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 W WERTY W

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

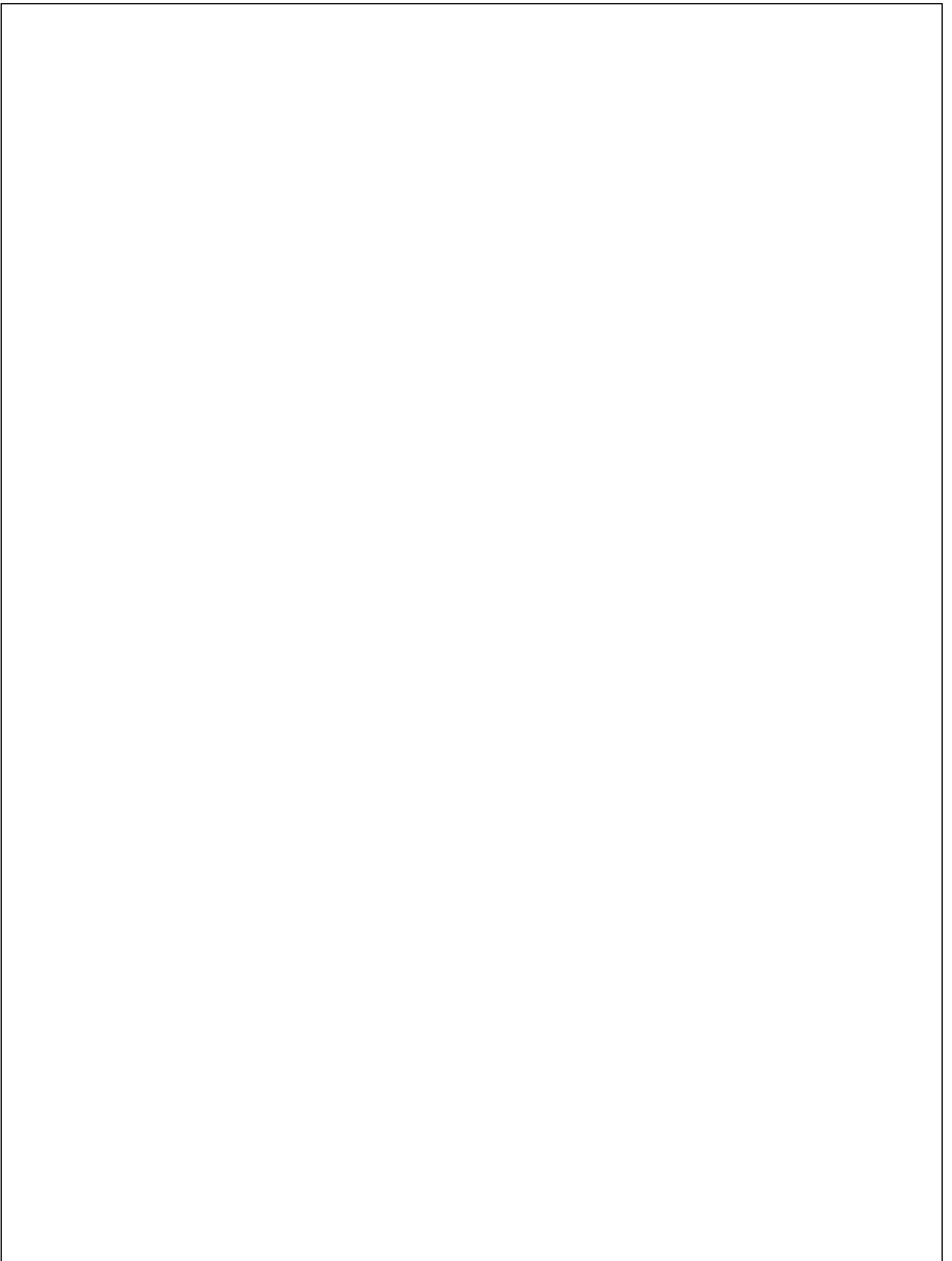
EXHIBIT INDEX

Listed below are the exhibits which are filed as a part of this Report (~ 1



4.7 The Registrant undertakes to furnish to the Securities and Exchange Commission, upon request, a copy of all instruments w





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10.28 Credit Agreement, dated as of October 4, 2006, as amended and restated as of





TAX SHARING AGREEMENT

by and among

AT&T CORP.,

LIBERTY MEDIA CORPORATION,
for itself and each member of the Liberty Group,

TELE-COMMUNICATIONS, INC.,

LIBERTY VENTURES GROUP LLC,

LIBERTY MEDIA GROUP LLC,

TCI STARZ, INC.,

TCI CT HOLDINGS, INC.

and

each Covered Entity listed on the signature pages hereof,

dated as of March 9, 1999

TAX SHARING AGREEMENT

TAX SHARING AGREEMENT



decision of any court of competent jurisdiction that is not subject to appeal or as to which the time for appeal has expired.

(u) "GI" shall have the meaning ascribed to such term in the Inter-Group Agreement.

(v) "

(ddd) "*Sprint DIT*" shall have the meaning set forth in Section 3(d)(ii).

(eee) "*State and Local Income Tax Allocation Agreement*" shall mean the State and Local Income Tax Allocation Agreement dated as of the first day of the combined return Taxable year beginning January 1, 1995 by and among AT&T and each of its subsidiaries.

(fff) "*Subsidiary*" means, as to any Person, any other Person of which at least (i) 50% of the equity and (ii) 50% of the voting interests are owned, directly or indirectly, by such first Person.

(ggg) "*Tax*" shall mean any tax, wherever created or imposed, and whether of the United States or elsewhere, and whether imposed by a local, municipal, governmental, state, foreign, federation or other body (a "Governmental Authority"), and, without limiting the generality of the foregoing, shall include income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, unemployment insurance, social security, stamp, environmental, value added, alternative or added minimum, ad valorem, trade, recording, withholding, occupation or transfer tax, custom or duty or other like governmental assessment or charge of any kind whatsoever, together with any related interest, penalties and additions imposed by any Governmental Authority.

(hhh) "*Tax Item*" shall mean any item of income, gain, loss, deduction, credit, recapture of credit or any other item which increases or decreases Taxes paid or payable, including an adjustment under Code Section 481 resulting from a change in accounting method.

(iii) "*Tax Proceeding*" shall mean any Tax audit, examination, controversy or litigation.

(jjj) "*Tax Return*" shall mean any Tax report, return or other information (including any attached schedules or any amendments to such report, return or other information) required to be supplied to or filed with a Governmental Authority, including an information return, claim for refund, amended return or declaration or estimated Tax return.

(kkk) "*Tentative Settlement Overpayment*" shall have the meaning set forth in Section 9(d).

(lll) "*TCI*" shall have the meaning set forth in the first paragraph hereof.

(mmm) "*TCI Affiliated Group*" shall mean for taxable periods ending on or prior to the Closing Date: (i) the affiliated group, within the meaning of Section 1504(a) of the Code, consisting of TCI and certain of its Subsidiaries, (ii) any combined, consolidated or unitary group, for state, local or foreign Tax purposes that files Joint Returns that include solely members of the TCI Group and the Liberty Group, and (iii) any True Legal Entity that files Joint Returns that include solely members of the TCI Group and Liberty Group.

(nnn) "*TCI Affiliated Group NOL*" shall mean the unexpired regular Tax net operating loss for federal income Tax purposes of the TCI Affiliated Group, if any, as of the last day of the last taxable year ending on or prior to the Closing Date, after giving effect to income, loss, audit adjustments, and the effects of acts occurring in connection with the Merger Agreement.

(ooo) "*TCI Affiliated Group Non-NOL Carryover*" shall mean any alternative minimum Tax credit carryover or other carryover of the TCI Affiliated Group as of the last day of the last taxable year of the TCI Affiliated Group ending on or prior to the Closing Date, after giving effect to income, loss, audit adjustments and the effects of acts occurring in connection with the Merger Agreement; *provided, however*, that the TCI Affiliated Group Non-NOL Carryover shall not include (i) the TCI Affiliated Group NOL, (ii) any foreign tax credit or charitable contribution carryovers allocable under the Consolidated Return Regulations to

Legal Entities in the Liberty Group and (iii) any net operating losses reportable o



the operations of any Legal Entity that is a member of such Pre-Closing Group on a unitary, consolidated, nexus combination or other Joint Return basis, multiplied by (y) a fraction, (I) the numerator of which is the aggregate amount of such Tax that is attributable to such Pre-Closing Group in such jurisdictions, determined without regard to the other Pre-Closing Group, as though such Pre-Closing Group were required to file either a unitary, consolidated, nexus combination or other Joint Return corporate income or franchise Tax Return (for this purpose, each limited liability company that is wholly owned directly by TCI shall be treated as if it were a corporation) in such jurisdictions for such taxable year or portion thereof, and (II) the denominator of which is the sum of all such amounts determined with respect to both Pre-Closing Groups. For each Tax Return that is the subject of this Section 3(c)(ii), if a member of the Common Stock Group is required under the law to file the applicable TCI Affiliated Group Joint Return, then Liberty shall pay AT&T or TCI the amount for which the Liberty Group is responsible (based on the fraction referred to in clause (y) above) with respect to such Tax Return no later than five days prior to the due date (including extensions) of such Tax Return, and if a member of the Liberty Group is required under the law to file the applicable TCI Affiliated Group Joint Return, then AT&T or TCI shall pay Liberty the amount for which the Common Stock Group is responsible (based on the fraction referred to in clause (y) above) with respect to such Tax Return no later than five days prior to the due date (including extensions) of such Tax Return.

(iii) For each taxable period ending on or prior to the Closing Date, the liability of each Pre-Closing Group with respect to foreign Taxes required to be filed on Joint Returns shall be determined under the principles of Section 3(c)(ii) above.

(iv) The Consolidated Return Regulations shall govern the timing of the recognition of Tax Items of the members of the TCI Affiliated Group.

(d) *Special Rules.* Notwithstanding any other provision of this Agreement:

(i) *Certain Items for Liberty's Account.* Any Tax Item arising from or relating to (A) TCI Wireless Holdings Inc. or any of its direct or indirect assets or subsidiaries, (B) the disposition of certain assets in exchange for stock of GI or the subsequent disposition of such stock, or (C) except as provided below in this Section 3(d)(i), the deemed, constructive or actual disposition (except for the Exhibit D DITS) of the shares or other interests in any Liberty Group Legal Entity, or measured by reference to the difference between the value of such shares or interests and the holder's basis therein, shall be for the account of the Liberty Group, and Liberty shall pay AT&T any Tax (or any reduction in any Tax refund, credit or other benefit) attributable thereto. AT&T and Liberty agree that any federal income Tax or Joint Return Tax liability (including any reduction in the TCI Affiliated Group NOL) arising from or relating to the federal income tax characterization or treatment of any class of tracking stock of TCI or AT&T under the federal income tax law on the date hereof will be equitably apportioned between the TCI Group or Common Stock Group, on the one hand, and the Liberty Group, on the other hand. AT&T agrees that (i) any Tax liability (or reduction in Tax benefit attributable to the Liberty Group under this Agreement) that results from the breach of AT&T's covenant in the Inter-Group Agreement that it will not issue any New Liberty Media Group Tracking Stock after a Tax Law Change (as defined in the Inter-Group Agreement) shall be the responsibility of AT&T.

shall pay AT&T for any alternative minimum Tax losses with respect to



federal income tax purposes and (B) 35 percent. AT&T agrees to provide written notice to Liberty of the amount that will be paid pursuant to this Section 3(d)(viii) thirty days prior to the anticipated deconsolidation date of the Liberty Group. If any amount of the Unused TCI Affiliated Group NOL as of the date of deconsolidation is actually utilized by the AT&T Affiliated Group after the deconsolidation date of the Liberty Group, and Liberty has not been paid for such Unused TCI Affiliated Group NOL pursuant to this Section (such amount shall be referred to as the "Unpaid NOL"), AT&T shall pay Liberty, within 5 business days after the Tax Return utilizing the Unpaid NOL has been filed, an amount equal to the product of (C) the Unpaid NOL that has been utilized and (D) 35 percent. If any TCI Affiliated Group NOL for which Liberty has been paid pursuant to this Section 3(d)(viii) expires unutilized (whether by reason of any separate return limitation year or Section 382 restriction or otherwise), Liberty shall repay AT&T the amount of the payment in respect of such expired TCI Affiliated Group NOL, plus interest at 6.5 percent, compounded annually, from the date of deconsolidation. AT&T (subject, in the case of the TCI SRLY NOL, to the provisions of clause (vii) above) and TCI each agree to use reasonable efforts to have the TCI Affiliated Group NOL utilized by the AT&T Affiliated Group;

(ix) *Post-Closing Compensation Deductions.* Each Group shall be entitled to the deductions arising after the Closing Date from the exercise by, or settlement of, any stock options or other equity-linked incentives, including stock appreciation rights, "phantom" stock rights and similar equity-linked instruments (A) by any person who is an officer, employee or consultant of such Group at the time of such exercise or settlement and (B) by any person who is no longer an officer, employee or consultant of either Group at the time of such exercise or settlement but who was an officer, employee or consultant of such Group on the date of such person's last employment by either Group, in each case, regardless of whether the stock underlying the option or equity-linked incentive tracks the Common Stock Group or the Liberty Group. Each Group shall be entitled to the deductions arising after the Closing Date from the payment of other compensation to the extent that such Group bears the cost of such compensation; and

(x) *Warrants.* The parties agree that Liberty's basis in the Warrants equals \$8.25 per Warrant, which is the fair market value of the Warrants as agreed by AT&T and Liberty and the purchase price paid for the Warrants by Liberty in a closing transaction, and that they shall take no action inconsistent with such basis (including inric

(b) In the event of any Redetermination that reduces the amount of the TCI Affiliated Grou

Group provided that the Liberty Group timely files such Separate Returns and pays the Taxes due with respect thereto. In the event that the Liberty Group does not so file such a Separate Return or does not pay the Taxes due with respect thereto, Liberty shall indemnify AT&T with respect to such Separate Return as provided in Section 8 and, notwithstanding any other provision hereof, AT&T shall be entitled to file such Separate Return in any manner it chooses so long as it files such Separate Return in good faith.

7. *Interest on Unpaid Amounts.* In the event that any party fails to pay any amount owed pursuant to this Agreement on the date when due, interest shall accrue on any unpaid amount at the Designated Rate from the due date until such amounts are fully paid.

8. *Indemnification.*

(a) From and after the Closing Date, each Legal Entity that is a member of the Liberty Group shall indemnify and hold harmless each Legal Entity that is a member of the Common Stock Group and their respective directors, officers, employees, affiliates, agents, successors and assigns (the "Common Stock Indemnitees") from and against (i) any Taxes which such member of the Liberty Group is required to pay to a Governmental Authority (without any right of reimbursement from AT&T) or in respect of which Liberty is required to make a payment hereunder to AT&T and (ii) any Losses incurred by any Common Stock Indemnitee by reason of a breach by any member of the Liberty Group of its obligations or covenants hereunder.

(b) From and after the Closing Date, each Legal Entity that is a member of the Common Stock Group shall indemnify and hold harmless each Legal Entity that is a member of the Liberty Group and their respective directors, officers, employees, affiliates, agents, successors and assigns (the "Liberty Indemnitees") from and against (i) any Taxes which such member of the Common Stock Group is required to pay to a Governmental Authority (without any right of reimbursement from Liberty) or in respect of which Liberty is required to make a payment hereunder to AT&T and (ii) any Losses incurred by any Liberty Indemnitee by reason of a breach by any member of the Common Stock Group of its obligations or covenants hereunder.

9. *Liberty Contests and Filing of Returns.*

(a) Tax Returns of the TCI Affiliated Group for taxable periods ending on or prior to the Closing Date shall be prepared by the TCI Affiliated Group and approved (which approval shall not be unreasonably withheld) by Liberty, and shall be forwarded to AT&T for its review and approval (which approval shall not be unreasonably withheld) prior to filing. Such Tax Returns shall be prepared in accordance with applicable laws and regulations and shall be consistent with applicable tax law as it is interpreted.





deconsolidates from the AT&T Affiliated Group. All costs, fees and expenses of the Settlement Advisor and the procedures described in Section 9(d)(D)(x) and (y) shall be borne 50 percent by Liberty and 50 percent by AT&T.

10. *Appointment of AT&T as Agent.* Liberty and each of the Subsidiaries in the Liberty Group hereby appoint AT&T as their agent for the purpose of filing consolidated federal income Tax Returns that are Joint Returns and for making any election (described in Section 9(c) of this Agreement) or application or taking any action in connection with any such Tax Return on behalf of Liberty and each such Subsidiary in the Liberty Group included in such return consistent with the terms of this Agreement. Liberty and each of the Subsidiaries in the Liberty Group hereby appoint AT&T as their agent for the purpose of filing any other Joint Returns, and for making any election (described in 9(c) of this Agreement) or application or taking any action in connection with any such Joint Return on behalf of Liberty and each Subsidiary in the Liberty Group consistent with the terms of this Agreement. Liberty and each of the Subsidiaries in the Liberty Group hereby consent to the filing of such consolidated federal income Tax Returns and combined, consolidated or unitary state, local or foreign Tax Returns, and to the making of such elections and applications. Liberty agrees that Liberty and each of the Subsidiaries in the Liberty Group will be included, to the extent permitted by applicable law, in the filing of consolidated federal income Tax Returns on behalf of the AT&T Affiliated Group for each taxable period ending after the Closing Date and will be included in any other Joint Return required or permitted by applicable law, which Joint Return AT&T elects or is required to file or cause to be filed.

11. *Cooperation.*

(a) The parties shall cooperate with one another in all matters relating to Taxes. The Liberty Group shall each provide AT&T with such cooperation and information as is necessary in order to enable AT&T to satisfy its tax, accounting and other legitimate requirements. Such cooperation and information by the members of the Liberty Group shall include making their respective knowledgeable employees available during normal business hours, providing the information required by reasonable AT&T Tax and accounting questionnaires (at the times and in the format required by AT&T of its Significant Subsidiaries), maintaining such books and records and providing such information as may be necessary or useful in the filing of Joint Returns and Separate Returns, and executing any documents and taking any actions which AT&T may reasonably request in connection therewith. AT&T shall provide Liberty, upon request, with copies of any Joint Returns filed by AT&T that include any member of the Liberty Group, promptly after such Joint Returns are filed and with copies of schedules and workpapers used to prepare such Joint Returns and to determine payments pursuant to this Agreement.

(b) AT&T, Liberty and the Covered Entities shall consult with and cooperate with one another with respect to any restructuring (including, without limitation, any incorporation, sale, transfer or exchange of assets and any liquidation, sale, transfer or reorganization of any entity (such a restructuring, a "Post-Closing Transaction")) of the assets or entities that were part of the transactions described in the TCI Pre-AT&T Merger Restructuring Plan or paragraph 1 of the Letter Agreement to the extent that such restructuring would reasonably be expected to adversely affect the Tax treatment of any of the steps listed in the TCI Pre-AT&T Merger Restructuring Plan or paragraph 1 of the Letter Agreement materially. If the Liberty Group has not given its approval to a Post-Closing Transaction effected by any member of the Common Stock Group, which approval shall not be unreasonably withheld (provided that reasonableness shall be based on risk, not dollars), and such Post-Closing Transaction affects the Tax treatment of any step in the TCI Pre-Merger Restructuring Plan or paragraph 1 of the Letter Agreement creating either a Tax liability or a DIT or a reduction in any Tax benefit that would otherwise be for Liberty's account under this Agreement, then (A) AT&T shall indemnify Liberty for (i) the amount of any reduction of the TCI Affiliated Group NOL that would not have arisen but for such Post-Closing Transaction, (ii) any Tax created from any DIT that would not have arisen but for such Post-Closing Transaction, and (iii) any other Tax liability (or reduction in any Tax benefit) that would

Group LLC, as well as Liberty and each other member of the Liberty Group, for all purposes of this Agreement), and Liberty shall assign all of the rights of Liberty under this Agreement to Liberty Group LLC (and which rights thereafter shall be exercisable by Liberty Group LLC for all purposes of this Agreement, on behalf of Liberty or otherwise), including, without limitation, Liberty's rights to tax sharing payments and indemnification from AT&T and Liberty's rights to file certain Tax Returns, to prepare Tax packages, to control or participate in Tax Proceedings, to object to settlements by AT&T, to cooperation from AT&T, and to procedures for the calculation of payments and resolution of disputes.

16. *I*

20. *Code References.* Any references to the Code or Treasury Regulations shall be deemed to refer to the relevant provisions of any successor statute or regulation and shall refer to such provisions as in effect from time to time.

21. *Notices.* Any payment, notice or communication required or permitted to be given under this Agreement shall be in writing by e-provi



Each of the Covered Entities listed below on this page hereby executes this Agreement as a member of the Liberty Group to acknowledge that such Person is bound by this Agreement as a member of the Liberty Group:

TELE-COMMUNICATIONS, INC.

By: /s/ Stephen M. Brett

Name: Stephen M. Brett
Title: Executive Vice President

LIBERTY VENTURES GROUP LLC

By: /s/ Stephen M. Brett

Name: Stephen M. Brett
Title: Executive Vice President

LIBERTY M&IC U

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EXHIBIT 10.2

FIRST AMENDMENT TO
TAX SHARING AGREEMENT

by and among

AT&T CORP.,

LIBERTY MEDIA CORPORATION,
for itself and each member of its consolidated group

in the Telewest Letter or the Microsoft/Telewest Arrangements or (ii) any breach by Liberty of any representation or covenant in the Inter-Group Agreement (including the purchase of shares of Liberty) or (iii) to the extent arising from the TCI relating to actions taken by Liberty at the express written request of AT&T), and Liberty shall pay AT&T any Tax (or any reduction in any Tax refund, credit or other benefit that is for the account of AT&T hereunder) attributable thereto."

3. The Agreement is amended by inserting in Section 3(d)(ii) the words ", as amended," after the words "dated February 11, 1999" and before the words "among AT&T, TCI and Liberty."

4. The Agreement is amended by deleting Section 9(b) and adding in lieu thereof a new sentence as follows:

"From and after the Closing Date, Liberty shall have the right to control in all respects all Tax Proceedings with respect to (I) any member of the TCI Affiliated Group with respect to any Prs ndt ement



IN WITNESS WHEREOF, each of the parties has caused this First Amendment to be executed by its respective duly authorized officer as of the date first set forth above.

AT&T CORP.

By: _____

Name:

Title:

LIBERTY MEDIA CORPORATION, for itself and for
each member of the Liberty Group

By: _____

Name:

Title:

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[EXHIBIT 10.2](#)

SECOND AMENDMENT TO THE TAX SHARING AGREEMENT

by and among

AT&T CORP.,

LIBERTY MEDIA CORPORATION,

for itself and each member of the Liberty Group,

TELE-COMMUNICATIONS, INC.,

LIBERTY VENTURES GROUP LLC,

LIBERTY MEDIA GROUP LLC,

TCI STARZ, INC.,

TCI CT HOLDINGS, INC.

and

each Covered Entity listed on the signature pages hereof,

dated as of September 24, 1999

4. The words "the date hereof" shall be deleted in each place that they appear in the Agreement and in lieu thereof shall be inserted the words "March 9, 1999."

5. Except as otherwise expressly provided herein, the Agreement shall continue in full force and effect without modification.

TELE-COMMUNICATIONS, INC.

By: /s/ Stephen M. Brett

Name: Stephen M. Brett
Title:

LIBERTY VENTURES GROUP LLC

By: /s/ Stephen M. Brett

Name: Stephen M. Brett
Title:

LIBERTY MEDIA GROUP LLC

By: /s/ Gary S. Howard

Name: Gary S. Howard
Title: Executive Vice President

TCI STARZ, INC.

By: /s/ Stephen M. Brett

Name: Stephen M. Brett
Title:

TCI CT HOLDINGS, INC.

By: /s/ Gary S. Howard

Name: Gary S. Howard
Title: Vice President

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[EXHIBIT 10.3](#)

[SECOND AMENDMENT TO THE TAX SHARING AGREEMENT](#)

THIRD AMENDMENT TO
TAX SHARING AGREEMENT

by and among

AT&T CORP.,

LIBERTY MEDIA CORPORATION,
for itself and each member of the Liberty Group,

TELE-COMMUNICATIONS, INC.,

LIBERTY VENTURES GROUP LLC,

LIBERTY MEDIA GROUP LLC,

TCI STARZ, INC.,

TCI CT HOLDINGS, INC.,

and

each Covered Entity listed on the signature pages hereof,

dated as of October 20, 1999

This Third Amendment, dated as of October 20, 1999 (this "Third Amendment"), to the Tax Sharing Agreement dated as of March 9, 1999, as amended by the First Amendment (the "First Amendment") to the Tax Sharing Agreement dated as of May 28, 1999 and the Second Amendment (the "Second Amendment") to the Tax Sharing Agreement dated as of September 24, 1999 (the "Agreement"), is entered into by and among AT&T Corp., a New York corporation ("AT&T"), Liberty Media Corporation, a Delaware corporation ("Liberty"), for itself and on behalf of each member of the Liberty Group, Tele-Communications, Inc., a Delaware corporation, Liberty Ventures Group LLC, a Delaware limited liability company, Liberty Media Group LLC, a Delaware limited liability company, TCI Starz, Inc., a Colorado corporation, TCI CT Holdings, Inc., a Delaware corporation, each Covered Entity listed a

3. Except as otherwise expressly provided herein, the Agreement shall continue in full force and effect without modification.

IN WITNESS WHEREOF, each of the parties has caused this Third Amend

Each of the Covered Entities listed below on this page hereby executes this Third Amendment as a member of the Liberty Group to acknowledge that such Person is bound by this Third Amendment as a member of the Liberty Group:

LIBERTY SP, INC.

By: /s/ Gary S. Howard

Name: Gary S. Howard
Title: Executive Vice President and Chief
Operating Officer

LIBERTY AGI, INC.

By: /s/ Gary S. Howard

Name: Gary S. Howard
Title: Executive Vice President and Chief
Operating Officer

LMC INTERACTIVE, INC.

By: /s/ Gary S. Howard

Name: Gary S. Howard
Title: Executive Vice President and Chief
Operating Officer

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[EXHIBIT 10.4](#)

FOURTH AMENDMENT TO
TAX SHARING AGREEMENT

by and among

AT&T CORP.,

LIBERTY MEDIA CORPORATION,
for itself and each member of the Liberty Group,

TELE-COMMUNICATIONS, INC.,

LIBERTY VENTURES GROUP LLC,

LIBERTY MEDIA GROUP LLC,

TCI STARZ, INC.,

TCI CT HOLDINGS, INC.,

and

each Covered Entity listed on the signature pages hereof,

dated as of October 28, 1999

This Fourth Amendment, dated as of October 28, 1999 (this "Fourth Amendment"), to the Tax Sharing Agreement (the "Agreement") dated as of March 9, 1999, as amended by the First Amendment (the "First Amendment") to the Tax Sharing Agreement dated as of May 28, 1999, the Second Amendment (the "Second Amendment") to the Tax Sharing Agreement dated as of September 24, 1999 and the Third Amendment (the "Third Amendment") to the Tax Sharing Agreement dated as of October 20, 1999, is entered into by and among AT&T Corp., a New York corporation, Liberty Media Corporation, a Delaware corporation, for itself and on behalf of each member of the Liberty Group, Tele-Communications, Inc., a Delaware corporation, Liberty Ventures Group LLC, a Delaware limited liability company, Liberty Media Group LLC, a Delaware limited liability company, TCI Starz, Inc., a Colorado corporation, TCI CT Holdings, Inc., a Delaware corporation, each Covered Entity listed on the signature pages hereof, and each entity which becomes a party to the Agreement pursuant to Section 23 thereto. Unless otherwise stated herein, capitalized terms used in this Fourth Amendment shall have the meaning ascribed to such terms in the Agreement.

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- d. the words "the Fourth Amendment" shall be inserted after the words "this Clause D of this First Amendment," and before the words "or the Voting Agreement dated May 28, 1999"; and
 - e. the words ", the Fourth Amendment" shall be inserted after the words "this Clause D of this First Amendment" and before the words "and the Voting Agreement or executed".
3. Except as otherwise expressly provided herein, the Agreement shall continue in full force and effect without modification.
-

Each of the Covered Entities listed below on this page hereby executes this Fourth Amendment as a member of the Liberty Group to acknowledge that such Person is bound by this Fourth Amendment as a member of the Liberty Group:

LIBERTY SP, INC.

By: /s/ Gary S. Howard

Name: Gary S. Howard
Title: Executive Vice President and Chief
Operating Officer

LIBERTY AGI, INC.

By: /s/ Gary S. Howard

Name: Gary S. Howard
Title: Executive Vice President and Chief
Operating Officer

LMC INTERACTIVE, INC.

By: /s/ Gary S. Howard

Name: Gary S. Howard
Title: Executive Vice President and Chief
Operating Officer

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[EXHIBIT 10.5](#)

FIFTH AMENDMENT TO
TAX SHARING AGREEMENT

by and among

AT&T CORP.,

LIBERTY MEDIA CORPORATION,
for itself and each member of the Liberty Group,

TELE-COMMUNICATIONS, INC.,

LIBERTY VENTURES GROUP LLC,

LIBERTY MEDIA GROUP LLC,

TCI STARZ, INC.,

TCI CT HOLDINGS, INC.,

and

each Covered Entity listed on the signature pages hereof,

dated as of December 6, 1999

This Fifth Amendment, dated as of December 6, 1999 (this "Fifth Amendment"), to the Tax Sharing Agreement (the "Agreement") dated as of March 9, 1999, as amended by the First Amendment (the "First Amendment") to the Tax Sharing Agreement dated as of May 28, 1999, the Second Amendment (the "Second Amendment") to the Tax Sharing Agreement dated as of September 24, 1999, the Third Amendment (the "Third Amendment") to the Tax Sharing Agreement dated as of October 20, 1999, and the Fourth Amendment (the "Fourth Amendment") to the Tax Sharing Agreement dated as of October 28, 1999, is entered into by and among AT&T Corp., a New York corporation ("AT&T"), Liberty Media Corporation, a Delaware corporation ("Liberty"), for itself and on behalf of each member of the Liberty Group, Tele-Communications, Inc., a Delaware corporation, Liberty Ventures Group LLC, a Delaware limited liability company, Liberty Media Group LLC, a Delaware limited liability company, TCI Starz, Inc., a Colorado corporation, TCI CT Holdings, Inc., a Delaware corporation, each Covered Entity listed on the signature pages hereof, and each entity which becomes a party to the Agreement pursuant to Section 23 thereto. Unless otherwise stated herein, capitalized terms used in this Fifth Amendment shall have the meaning ascribed to such terms in the Agreement.

WHEREAS, the parties have entered into the Agreement which governs the sharing, allocation and reimbursement of federal, state, local and foreign taxes by the members of the Common Stock Group and the Liberty Group;

WHEREAS, AT&T intends to acquire Four Media Company, a Delaware corporation ("4MC"), pursuant to an Agreement and Plan of Merger dated as of December 3, 1999 (the "4MC Merger Agreement") for and on behalf of the Liberty Group;

WHEREAS, the parties intend that any Tax Items arising from or relating to the 4MC Merger (as defined below), including any Tax Items of 4MC or any of its direct or indirect assets or subsidiaries, shall be considered Tax Items attributable to the Liberty Group except to the extent set forth herein; and

WHEREAS, the parties now wish to amend the Agreement in certain respects to clarify the intent of the parties with respect to the sharing, allocation and reimbursement of federal, state, local and foreign taxes by the members of the Common Stock Group and the Liberty Group and to make such other amendments, as provided herein;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereby amend the Tax Sharing Agreement as follows:

1. The Agreement is amended by inserting as Section 3(d)(xiii):

"(xiii) *4MC Merger*. Any Tax Item arising from or relating to 4MC, D-Group Merger Corp. ("4MC Merger Sub") or any of their respective direct or indirect subsidiaries or affiliates (or any predecessor or successor of any of the foregoing under applicable corporate, limited liability company, partnership or other organizational law) (the "4MC Entities"); the status

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of any member of the Common Stock Group as the successor under Code Section 381 (or comparable provision of state, local or foreign Tax law) to any of the 4MC Entities; any direct or indirect asset, liability, business, investment or operation of any of the 4MC Entities; the merger of 4MC Merger Sub with and into 4MC (the "4MC Merger"), the 4MC Merger Agreement, the Post-Merger Restructuring Transactions (as defined in the 4MC Merger Agreement), the issuance of New Liberty Media Group Tracking Stock in the 4MC Merger or any other transaction contemplated by the 4MC Merger Agreement, the Fourth Supplement to Inter-Group Agreement dated December 3, 1999 (the "Fourth Supplement"), or this Fifth Amendment, or any other document to which 4MC, Liberty or any of their respective Subsidiaries (as defined in the 4MC Merger Agreement) or Affiliates (as defined in the 4MC Merger Agreement) is a party that is referred to in the 4MC Merger Agreement, the Fourth Supplement, or this Fifth Amendment or executed in connection therewith (any of the foregoing Tax Items specified in this sentence shall be referred to hereinafter as a "4MC Tax Item"), shall be for the account of the Liberty Group (except to the extent otherwise provided in this Section 3(d)(xiii) with respect to any 4MC Tax Item), and Liberty shall pay AT&T any Tax (or any reduction in any Tax refund, credit or other benefit) attributable thereto. Notwithstanding anything in the preceding sentence to the contrary, any 4MC Tax Item shall be for the account of AT&T hereunder if, and to the extent that, (x) such 4MC Tax Item arises directly from and would not have arisen but for (i) any breach by AT&T or 4MC Merger Sub of any of their representations or covenants in Sections 2.6 and 5.4 of the 4MC Merger Agreement, (ii) any breach by AT&T of any representation or covenant in the Inter-Group Agreement (except in the case of clauses (i) and (ii), to the extent arising out of or relating to the adoption by the Capital Stock Committee of the AT&T Board of Directors of the resolutions attached as Exhibit A to the Second Supplement or any action taken by AT&T or any other member of the Common Stock Group in good faith in accordance with the terms of the Second Supplement or Second Amendment in connection with the Stock Repurchase Program (as defined in the Second Supplement) or any Repurchase Transaction or actions taken by AT&T at the request of Liberty as contemplated by Section 1.2(d) of the Fourth Supplement or otherwise in writing) or (y) such 4MC Tax Item arises from or relates to the ownership by any member of the Common Stock Group of any stock of, or any interest in, 4MC that is held for the account of the Common Stock Group, and AT&T shall pay to the applicable Governmental Authority or to Liberty any Tax, and shall pay to Liberty any reduction in any Tax refund, credit or other benefit that is for the account of Liberty hereunder, attributable thereto."

2. The Agreement is amended by (i) deleting in Section 9(b) the word "or" after the words "or any Subsidiary of AGI during any such period for such period," and before the words "(III) Ascent for any taxable period ..." and (ii) inserting in Section 9(b) the words ", or (IV) 4MC for any taxable period ending on or prior to the date of the closing of the 4MC Merger or any Subsidiary of 4MC during any such period for such period" after the words "or any Subsidiary of Ascent during any such period for such period" and before the words;" provided, however, that (i) AT&T shall be entitled to participate"

IN WITNESS WHEREOF, each of the parties has caused this Fifth Amendment to be executed by its respective duly authorized officer as of the date first set forth above.

AT&T CORP.

By: /s/ Marilyn J. Wasser

Name: Marilyn J. Wasser

Title: Vice President—Law and Secretary

LIBERTY MEDIA CORPORATION, for itself and for each member of the Liberty Group

By: /s/ Charles Y. Tanabe

Name: Charles Y. Tanabe

Title: Senior Vice President

TELE-COMMUNICATIONS, INC.

By: /s/ Stephen M. Brett

Name: Stephen M. Brett

Title: Senior Executive Vice President

LIBERTY VENTURES GROUP LLC

By: /s/ Stephen M. Brett

Name: Stephen M. Brett

Title: Vice President and Secretary

LIBERTY MEDIA GROUP LLC

By: /s/ Charles Y. Tanabe

Name: Charles Y. Tanabe

Title: Senior Vice President

TCI STARZ, INC.

By: /s/ Stephen M. Brett

Name: Stephen M. Brett

Title: Vice President

TCI CT HOLDINGS, INC.

By: _____

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[EXHIBIT 10.6](#)

SIXTH AMENDMENT TO
TAX SHARING AGREEMENT

by and among

AT&T CORP.,

LIBERTY MEDIA CORPORATION,
for itself and each member of the Liberty Group,

TELE-COMMUNICATIONS, INC.,

LIBERTY VENTURES GROUP LLC,

LIBERTY MEDIA GROUP LLC,

TCI STARZ, INC.,

TCI CT HOLDINGS, INC.,

and

each Covered Entity listed on the signature pages hereof,

dated as of December 10, 1999

This Sixth Amendment, dated as of December 10, 1999 (this "Sixth Amendment"), to the Tax Sharing Agreement (the "Agreement") dated as of March 9, 1999, as amended by the First Amendment (the "First Amendment") to the Tax Sharing Agreement dated as of May 28, 1999, the Second Amendment (the "Second Amendment") to the Tax Sharing Agreement dated as of September 24, 1999, the Third Amendment (the "Third Amendment") to the Tax Sharing Agreement dated as of October 20, 1999, the Fourth Amendment (the "Fourth Amendment") to the Tax Sharing Agreement dated as of October 28, 1999, and the Fifth Amendment to the Tax Sharing Agreement dated as of December 6, 1999, is entered in Px 1999, nd,nda1999 ~ 3

IN WITNESS WHEREOF, each of the parties has caused this Sixth Amendment to be executed by its respective duly authorized officer as of the date first set forth above.

AT&T CORP.

By: /s/ Marilyn J. Wasser

Name: Marilyn J. Wasser
Title: Vice President—Law & Secretary

LIBERTY MEDIA CORPORATION, for itself and for
each member of the Liberty Group

By: /s/ Charles Y. Tanabe

Name: Charles Y. Tanabe
Title: Senior Vice President

Each of the Covered Entities listed below on this page hereby executes this Sixth Amendment as a member of the Liberty Group to acknowledge that such Person is bound by this Sixth Amendment as a member of the Liberty Group:

LIBERTY SP, INC.

By: /s/ Charles Y. Tanabe

Name: Charles Y. Tanabe
Title: Senior Vice President

LIBERTY AGI, INC.

By: /s/ Charles Y. Tanabe

Name: Charles Y. Tanabe
Title: Senior Vice President

LMC INTERACTIVE, INC.

By: /s/ Charles Y. Tanabe

Name: Charles Y. Tanabe
Title: Senior Vice President

TELE-COMMUNICATIONS, INC.

By: /s/ Stephen M Brett

Name: Stephen M. Brett
Title: Sr. Executive Vice President

LIBERTY VENTURES GROUP LLC

By: /s/ Stephen M. Brett

Name: Stephen M. Brett
Title: Vice President

LIBERTY MEDIA GROUP LLC

By: /s/ Charles Y. Tanabe

Name: Charles Y. Tanabe
Title: Vice President

TCI STARZ, INC.

By: /s/ Stephen M. Brett

Name: Stephen M. Brett
Title: Vice President

TCI CT HOLDINGS, INC.

By: /s/ Charles Y. Tanabe

Name: Charles Y. Tanabe
Title: Senior Vice President

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[EXHIBIT 10.7](#)

SEVENTH AMENDMENT TO
TAX SHARING AGREEMENT

by and among

AT&T CORP.,

LIBERTY MEDIA CORPORATION,
for itself and each member of the Liberty Group,

TELE-COMMUNICATIONS, INC.,

LIBERTY VENTURES GROUP LLC,

LIBERTY MEDIA GROUP LLC,

TCI STARZ, INC.,

TCI CT HOLDINGS, INC.,

and

each Covered Entity listed on the signature pages hereof,

dated as of December 30, 1999



words "Soundelux Transaction Documents," after the words "pursuant to any of the Todd Transaction Documents," and before the words "the Contribution Agreement ..."

5. Except as otherwise expressly provided herein, the Agreement shall continue in full force and effect without modification.

IN WITNESS WHEREOF, each of the parties has caused this Seventh Amendment to be executed by its respective duly authorized officer as of the date first set forth above.

AT&T CORP.

By: /s/ Robert S. Eit

NaRt



TELE-COMMUNICATIONS, INC.

By: /s/ Stephen M. Brett

Name: Stephen M. Brett
Title: Sr. Executive Vice President

LIBERTY VENTURES GROUP LLC

By: /s/ Stephen M. Brett

Name: Stephen M. Brett
Title: Vice President

LIBERTY MEDIA GROUP LLC

By: /s/ Charles Y. Tanabe

Name: Charles Y. Tanabe
Title: Senior Vice President

TCI STARZ, INC.

By: /s/ Stephen M. Brett

Name: Stephen M. Brett
Title: Vice President

TCI CT HOLDINGS, INC.

By: /s/ Charles Y. Tanabe

Name: Charles Y. Tanabe
Title: Senior Vice President

1. The Agreement is amended by inserting as Section 3(d)(xv

IN WITNESS WHEREOF, each of the parties has caused this Eighth Amendment to be executed by its respective duly authorized officer as of the date first set forth above.

AT&T CORP.

By: /s/ _____

Name:

Title:

LIBERTY MEDIA CORPORATION, for itself and for
each member of the Liberty Group

By: /s/ _____

Name:

Title:

Each of the Covered Entities listed below on this page hereby executes this Eighth Amendment as a member of the Liberty Group to acknowledge that such Person is bound by this Eighth Amendment as a member of the Liberty Group:

LIBERTY SP, INC.

By: /s/ _____
Name:
Title:

LIBERTY AGI, INC.

By: /s/ _____
Name:
Title:

LMC INTERACTIVE, INC.

By: /s/ _____
Name:
Title:

AT&T BROADBAND LLC

By: /s/ _____

Name:

Title:

LIBERTY VENTURES GROUP LLC

By: /s/ _____

Name:

Title:

LIBERTY MEDIA GROUP LLC

By: /s/ _____

Name:

Title:

TCI STARZ, INC.

By: /s/ _____

Name:

Title:

TCI CT HOLDINGS, INC.

By: /s/ _____

Name:

Title:

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EXHIBIT 10.10

The Associated Group, Inc., a Delaware corporation ("AGI"), hereby executes this Instrument in order to become a party to the Tax Sharing Agreement dated as of March 9, 1999, as amended by the First Amendment to the Tax Sharing Agreement dated as of May 28, 1999, the Second Amendment to the Tax Sharing Agreement dated as of September 24, 1999, the Third Amendment to the Tax Sharing Agreement dated as of October 20, 1999, the Fourth Amendment to the Tax Sharing Agreement dated as of October 28, 1999, the Fifth Amendment to the Tax Sharing Agreement dated as of December 6, 1999, the Sixth Amendment to the Tax Sharing Agreement dated as of December 10, 1999, and the Seventh Amendment to the Tax Sharing Agreement dated as of December 30, 1999 (as amended, the "Agreement") between and among AT&T Corp., a New York corporation ("AT&T"), Liberty Media Corporation, a Delaware corporation ("Liberty"), for itself and on behalf of each member of the Liberty Group (as defined in the Agreement), Tele-Communications, Inc., a Delaware corporation, Liberty Ventures Group LLC, a Delaware limited liability company, Liberty Media Group LLC, a Delaware limited liability company, TCI Starz, Inc., a Colorado corporation, TCI CT Holdings, Inc., a Delaware corporation, each Covered Entity listed on the signature pages thereof, and each entity which becomes a party to the Agreement pursuant to Section 23 thereto. Upon the acceptance hereof by the other parties to the Agreement by execution hereof where indicated below, AGI will thereupon be a party to the Agreement as a member of the Liberty Group (as defined in the Agreement).

LIBERTY SP, INC.

By: /s/ Charles Y. Tanabe

Name: Charles Y. Tanabe
Title: Senior Vice President

LMC INTERACTIVE, INC.

By: /s/ Charles Y. Tanabe

Name: Charles Y. Tanabe
Title: Senior Vice President

LIBERTY VENTURES GROUP LLC

By: /s/ Stephen M. Brett

Name: Stephen M. Brett
Title: Vice President

TCI STARZ, INC.

By: /s/ Stephen M. Brett

Name: Stephen M. Brett
Title: Vice President

LIBERTY AGI, INC.

By: /s/ Charles Y. Tanabe

Name: Charles Y. Tanabe
Title: Senior Vice President

TELE-COMMUNICATIONS, INC.

By: /s/ Stephen M. Brett

Name: Stephen M. Brett
Title: Sr. Executive Vice President

LIBERTY MEDIA GROUP LLC

By: /s/ John C. Malone

Name: John C. Malone
Title: Chairman

TCI CT HOLDINGS, INC.

By: /s/ Charles Y. Tanabe

Name: Charles Y. Tanabe
Title: Senior Vice President

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RESTATED AND AMENDED EMPLOYMENT AGREEMENT

RESTATED AND AMENDED EMPLOYMENT AGREEMENT dated as of November 1, 1992 between TELE-COMMUNICATIONS, INC., a Delaware corporation (the "Company"), and John C. Malone, who resides at _____ ("Executive").

WHEREAS, the Company and Executive are parties to that certain Employment Agreement dated as of January 1, 1982, as heretofore amended (the "Existing Agreement"); and

WHEREAS, the Company and Executive desire to amend the Existing Agreement to provide for an increase in Executive's annual compensation, to eliminate certain provisions of the Existing Agreement that have ceased by their terms to be effective and to make certain other changes, and to restate the Existing Agreement as so amended in its entirety;

NOW, THEREFORE, in consideration of the mutual covenants and agreement herein contained and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, do hereby agree as follows:

1. *Term and Termination.*

(a) *Term.* The term of Executive's employment (the "Employment Term") under the Existing Agreement initially commenced on January 1, 1982 and ended on December 31, 1986 and, pursuant to the Existing Agreement, has been and, pursuant to and subject to the terms and conditions of this Agreement, will continue to be extended daily so that the remainder of the Employment Term shall at all times on and prior to the effective date of the termination of Executive's employment as provided herein be five (5) years. During the Employment Term, the Company agrees to employ Executive and Executive agrees to serve the Company upon and subject to the terms and conditions set forth in this Agreement.

(b) *Termination by the Company.* Executive's employment by the Company may be terminated by the Company only as provided in clauses (i), (ii) and (iii) below.

(i) Upon the death of Executive.

(ii) Effective as of December 31 of any year, upon giving written notice of such termination to Executive six (6) months prior to the effective date thereof and by paying to Executive in a lump sum upon such termination all remaining compensation (other than compensation the payment of which was deferred by Executive prior to such termination) that would have been payable under Section 4 hereof if this Agreement remained in full force and effect for the full five-year balance of the Employment Term.

(iii) At any time for "cause", which for purposes of this Agreement shall be deemed to have occurred only on the happening of any of the following:

(A) the plea of guilty to, or conviction for, the commission of a felony offense by Executive; *provided, however,* that after indictment, the Company may suspend Executive from the rendition of services but without limiting or modifying in any other way the Company's obligations under this Agreement;

- (B) a material breach by Executive of a material fiduciary duty owed to the Company;
- (C) a material breach by Executive of the covenants made by him in Sections 9, 10 and 11 hereof; or
- (D) the willful and gross neglect by Executive of the material duties specifically and expressly required by this Agreement;

provided, however, that any claim that "cause", within the meaning of clause (B), (C) or (D) above, exists for the termination of Executive's employment may be asserted on behalf of the Company only by a duly adopted resolution of the Board of Directors of the Company and only after 30 days prior written notice to Executive during which period he may cure the breach or neglect that is the basis of any such claim, if curable; *provided, further*, that during the period of twelve (12) months following a change in control of the Company (as defined below), "cause" shall be deemed to have occurred only upon the happening of an event referred to in clause (A) above; and *provided, further*, that the term "material" as used in clauses (B), (C) and (D) above and in Section 13 hereof shall be construed by reference to the effect of the relevant action or omission on the Company taken as a whole. For purposes of the foregoing, a change in control of the Company will be considered to have occurred if the group in control of the Company shall no longer include at least one of the following: (x) Bob Magness, members of his family or representatives thereof, or (y) representatives of Kearns-Tribune Corporation (but only if the present shareholders remain in control of such corporation). The term "family" as used herein means the named person's estate, spouse and lineal descendants and any trust or other investment vehicle for the primary benefit of such named person or members of his family and the term "representatives" includes executors and trustees.

(c) *Effect of Termination by the Company.* If Executive's employment by the Company is terminated by the Company pursuant to Section 1(b) hereof, all compensation under Section 4 of this Agreement (other than compensation the payment of which was deferred by Executive prior to such termination) that has accrued in favor of Executive as of the date of such termination, to the extent unpaid or delivered, shall be paid or delivered to Executive on the date of termination. Upon such termination of Executive's employment and payment of such amount (and, if applicable, the full amount payable pursuant to clause (ii) of Section 1(b)), the Company's obligations under this Agreement shall terminate, except as provided in Section 4 (as it relates to compensation the payment of which was deferred by Executive prior to such termination), Section 5, Section 6 (as it relates to expenses incurred prior to such termination) and Section 8 of this Agreement. Executive acknowledges that his obligations under Sections 9, 10, 11 and 12 hereof will survive any such termination.

(d) *Termination by Executive.* Executive shall have the right to terminate his employment by the Company, and be relieved of any obligation to render or provide any further services hereunder, as provided in clauses (i) and (ii) below:

- (i) Upon six (6) months prior written notice to the Company of the effective date of such termination.
- (ii) Immediately upon the giving of notice of termination by Executive to the Company following a change in control of the Company (as defined in Section 1(b) above).

If Executive's employment by the Company is terminated by Executive pursuant to this Section 1(d), all compensation under Section 4 of this Agreement (other than compensation the payment of which was deferred by Executive prior to such termination) that has accrued in favor of Executive as of the date of such



40% of each monthly payment of Executive's annual compensation during the calendar year 1983 and \$12,500 of each monthly payment of Executive's annual compensation thereafter through the end of calendar year 1992 has been (and, in the case of the December 1992 payment, will be) deferred pursuant to and as required by the terms of Section 4 of the Existing Agreement (the "previously deferred compensation"). The provisions of said Section 4 of the Existing Agreement shall continue to govern with respect to the calculation of, accrual of interest on, and payment of all such previously deferred compensation, and such provisions as they relate to such previously deferred compensation shall survive the execution and delivery of this Agreement unaffected hereby.

(d) If Executive dies while he is a full-time employee of the Company or before the expiration of the period during which such deferred payments are to be paid to him, the remaining deferred payments shall be paid forthwith in a lump sum to Executive's designated beneficiary or beneficiaries. The phrase "designated beneficiary or beneficiaries" shall mean Executive's spouse, if she shall survive Executive, or such other person or persons named from time to time by Executive in a signed instrument filed with the Company. If the designation made in any such signed instrument shall for any reason be ineffective, the phrase "designated beneficiary or beneficiaries" shall mean Executive's estate.

(e) The amount of deferred compensation payable hereunder (together with the interest applicable thereto) shall not in any way be reserved or held in trust by the Company. Neither Executive nor any designated beneficiary or personal representative shall have any rights against the Company in respect of such deferred payments other than the rights of any unsecured creditor of the Company. Deferred payments provided for herein shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and shall not in any manner be liable or subject to the debts, contracts, liabilities, engagements or torts of Executive, nor of any designated beneficiary or personal representative. The payment to Executive of such deferred payments shall be subject to the further condition that Executive shall comply with the provisions of Section 10 of this Agreement during the entire payment period and Executive shall comply with the provisions of Sections 9 and 12 of this Agreement, if said provisions are applicable by their terms, for the first two (2) years of the payment period.

5. *Salary Continuation Plan.*

(a) At such time as Executive's employment with the Company shall terminate, Executive shall be entitled to receive from the Company 240 consecutive monthly payments of \$15,000, the first payment of which shall be payable on the first day of the month succeeding the termination of Executive's employment. The amount of the monthly payments provided for in the immediately preceding sentence shall be increased at the rate of 12% ~~zhe e io~~

have any rights against the Company in respect of such Benefit other than the rights of an unsecured general creditor.

enjoin Executive from engaging in any activity in violation hereof. Executive agrees that because Executive's services to the Company are of such a unique and extraordinary character, a suit at law may be an inadequate remedy with respect to a breach by Executive of Sections 9, 10, 11 and 12 hereof, and that upon any such breach or threatened breach by him of such Sections the Company shall be entitled, in addition to any other lawful remedies that may be available to it, to injunctive relief.

14. *Notices.* All notices to be given hereunder shall be deemed duly given when delivered personally in writing or mailed, certified mail, return receipt requested, postage prepaid and addressed, as follows:

or to such other address as a party may request by notice given in accordance with this Section 14.

15. *Miscellaneous.* This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and replaces and supersedes as of the date hereof any and all prior agreements and amends

"(c) The Company will pay, or will reimburse Executive for, all fees and other costs for professional services reasonably incurred by Executive in obtaining estate or tax planning advice or services, up to a maximum amount of \$50,000 per year."

6. *Notices.* The address for notices to Executive set forth in Section 14 of the Employment Agreement is amended to read as follows:

Mr. John C. Malone

This Agreement has been signed on June 30, 1999, but will be effective as of the date first written above.

LIBERTY MEDIA CORPORATION

By: /s/ Robert R. Bennett

Name: Robert R. Bennett
Title: President

/s/ John C. Malone

Name: John C. Malone

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[EXHIBIT 10.11](#)

[RESTATED AND AMENDED EMPLOYMENT AGREEMENT
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EXHIBIT 10.12

SECOS



the flight and, if so required by the Company, such information about the general purpose of the Executive Flight as shall be sufficient for the Company to determine that such flight does not violate any requirement of applicable law. The Company will promptly thereafter inform Executive of the availability of the aircraft and its flight crew. The Company shall have no obligation to provide the aircraft and flight crew for any Executive Flight at any time when (i) a requested Executive Flight would conflict with any actual or planned use of the aircraft by the Com iv e –

This Second Amendment was approved by the Company's Board of Directors ~

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[EXHIBIT 10.12](#)

[SECOND AMENDMENT TO EMPLOYMENT AGREEMENT
RECITALS
AGREEMENT](#)

LIBERTY MEDIA CORPORATION
2000 INCENTIVE PLAN

(As Amended and Restated Effective February 22, 2007)

ARTICLE I

PURPOSE AND ASSUMPTION OF PLAN

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



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

"Plan" means this Liberty Media Corporation 2000 Incentive Plan (As Amended and Restated Effective February 22, 2007).

"Restricted Shares" means shares of any series of Common Stock or the right to receive shares of any specified series of Common Stock, as the case may be, awarded pursuant to Article VIII.

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

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

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

"Stock Unit Awards" has the meaning ascribed thereto in Section 9.1.

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

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

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

ARTICLE III

ADMINISTRATION

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

3.2 *Powers.* The Committee shall have full power and authority to grant to eligible Persons Options under Article VI of the Plan, SARs under Article VII of the Plan, Restricted Shares under Article VIII of the Plan, Stock Units under Article IX of the Plan, Cash Awards under Article X of the Plan and/or Performance Awards under Article X of the Plan, to determine the terms and conditions (which need not be identical) of all Awards so granted, to interpret the provisions of the Plan and any Agreements relating to Awards granted under the Plan and to supervise the administration of the Plan. The Committee in making an Award may provide for the granting or issuance of additional, replacement or alternative Awards upon the occurrence of specified events, including the exercise of

the original Award. The Committee shall have sole authority in the selection of Persons to whom Awards may be granted under the Plan and in the determination of the timing, pricing and amount of any such Award, subject only to the express provisions of the Plan. In making determinations hereunder, the Committee may take into account the nature of the services rendered by the respective employees and independent contractors, their present and potential contributions to the success of the Company and its Subsidiaries, and such other factors as the Committee in its discretion deems relevant.

3.3 Interpretation. The Committee is authorized, subject to the provisions of the Plan, to establish, amend and rescind such rules and regulations as it deems necessary or advisable for the proper administration of the Plan and to take such other action in connection with or in relation to the Plan as it deems necessary or advisable. Each action and determination made or taken pursuant to the Plan by the Committee, including any interpretation or construction of the Plan, shall be final and conclusive for all purposes and upon all Persons. No member of the Committee shall be liable for any action or determination made or t tion

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of Common Stock subject thereto the kind and amount of cash, securities or other assets issued or paid in the redemption of the equivalent number of shares of such series of Common Stock and otherwise the terms of such Award, including, in the case of Options or similar rights, the aggregate exercise price, and, in the case of F

Common Stock issuable upon such exercise of the Option, (vi) the delivery, together with a properly



ARTICLE VIII

RESTRICTED SHARES

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

8.2 *Issuance of Restricted Shares at Beginning of the Restriction Period.* If shares of the applicable series of Common Stock are issued at the beginning of the Restriction Period, the stock certificate or certificates representing such Restricted Shares shall be registered in the name of the Holder to whom such Restricted Shares shall be issued at the beginning of the Restriction Period. If shares of the applicable series of Common Stock are issued at the end of the Restriction Period, the stock certificate or certificates representing the Restricted Shares shall be registered in the name of the Holder to whom such Restricted Shares shall be issued at the end of the Restriction Period.

9.2 *Rules.* The Committee may, in its discretion, establish any or all of the following rules for application to an Award of Stock Units:

(a) Any shares of Common Stock which are part of an Award of Stock Units may not be assigned, sold, transferred, pledged or otherwise encumbered prior to the date on which the shares are issued or, if later, the date provided by the Committee at the time of the Award.

(b) Such Awards may provide for the payment of cash consideration by the Person to whom such Award is granted or provide that the Award, and any shares of Common Stock to be issued in connection therewith, if applicable, shall be delivered without the payment of cash consideration; *provided, however*, that the issuance of any shares of Common Stock in connection with an Award of Stock Units shall be for at least the minimum consideration necessary to permit such shares to be deemed fully paid and nonassessable.

(c) Awards of Stock Units may provide for deferred payment schedules, vesting over a specified period of employment, the payment (on a current or deferred basis) of dividend equivalent amounts with respect to the number of shares of Common Stock covered by the Award, and elections by the employee to defer payment of the Award or the lifting of restrictions on the Award, if any, provided that any such deferrals shall comply with the requirements of Section 409A of the Code.

(d) In such circumstances as the Committee may deem advisable, the Committee may waive or otherwise remove, in whole or in part, any restrictions or limitations to which a Stock Unit Award was made subject at the time of grant.

ARTICLE X

CASH AWARDS AND PERFORMANCE AWARDS

10.1 *Cash Awards.* In addition to granting Options, SARs, Restricted Shares and Stock Units, the Committee shall, subject to the limitations of the Plan, have authority to grant to eligible Persons Cash Awards. Each Cash Award shall be subject to such terms and conditions, restrictions and contingencies, if any, as the Committee shall determine. Restrictions and contingencies limiting the right to receive a cash payment pursuant to a Cash Award shall be based upon the achievement of single or multiple Performance Objectives over a performance period established by the Committee. The determinations made by the Committee pursuant to this Section 10.1 shall be specified in the applicable Agreement.

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

10.3 *Performance Objectives.* The grant or vesting of a Performance Award shall be subject to the achievement of Performance Objectives over a performance period established by the Committee based upon one or more of the following business criteria that apply to the Holder, one or more business units, divisions or Subsidiaries of the Company or the applicable sector of the Company, or the Company as a whole, and if so desired by the Committee, by comparison with a peer group of companies: increased revenue; net income measures (including income after capital costs and income before or after taxes); stock price measures (including growth measures and total stockholder return); price per share of Common Stock; market share; earnings per share (actual or targeted growth); earnings before interest, taxes, depreciation and amortization (EBITDA); economic value added (or an equivalent metric); market value added; debt to equity ratio; cash flow measures (including cash flow return on capital, cash flow return on tangible capital, net cash flow and net cash flow before financing activities); return measures (including return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors' capital and return on average equity); operating

each case effective upon the Board Change or Control Purchase or immediately prior to consummation of the Approved Transaction. The effect, if any, on a Cash Award of an Approved Transaction, Board Change or Control Purchase shall be prescribed in the applicable Agreement. Notwithstanding the foregoing, unless otherwise provided in the applicable Agreement,



addition, each beneficiary of a deceased Holder shall be deemed to have agreed that such Award will not affect the amount of any life insurance coverage, if any, provided by the Company on the life of the Holder which is payable to such beneficiary under any life insurance plan covering employee Cal

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Exhibit 10.16

**LIBERTY MEDIA CORPORATION
2007 INCENTIVE PLAN**

ART

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

"Stock Unit Awards" has the meaning ascribed thereto in Section 9.1.

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

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

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

ARTICLE III

ADMINISTRATION

The Plan shall be administered by the Compensation Committee of the Board unless a different committee is appointed by the Board. The Committee shall be comprised of not less than two Persons. The Board may from time to time appoint members of the Committee in substitution for or in addition to members previously appointed, may fill vacancies in the Committee and may remove members of the Committee. The Committee shall select one of its members as its chairman and shall hold its meetings at such times and places as it shall deem advisable. A majority of its members shall constitute a quorum and all determinations shall be made by a majority of the members.

conclusive for all purposes and upon all Persons. No member of the Committee shall be liable for any action or determination made or taken by him or the Committee in good faith with respect to the Plan.

ARTICLE IV

SHARES SUBJECT TO THE PLAN

4.1 *Number of Shares.* Subject to the provisions of this Article IV, the maximum number of shares of Common Stock with respect to which Awards may be granted during the term of the Plan shall be 39,300,000 shares. Shares of Common Stock will be made available from the authorized but unissued shares of the Company or from shares reacquired by the Company, including shares purchased.

ARTICLE V

ELIGIBILITY

5.1 *General.* The Persons who shall be eligible to participate in the Plan and to receive Awards under the Plan shall, subject to Section 5.2, be such Persons who are employees (including officers and

~~Section 7.4 - Free Standing SARs. Free Standing SARs shall be exercisable at the time, to the extent and upon the terms and conditions set forth in the applicable Agreement. The base price of a Free Standing SAR may be no less than the Fair Market Value of the applicable series of Common Stock with respect to which the Free Standing SAR was granted as of the date the Free Standing SAR is granted. Subject to the limitations of the Plan, upon the exercise of a Free Standing SAR and unless otherwise determined by the Committee in the applicable Agreement, the Holder thereof shall be entitled to receive from the Company, for each share of the applicable series of Common Stock with respect to which the Free Standing SAR is being exercised, consideration (in the form determined as provided in Section 7.4) equal in value to the excess of the Fair Market Value of a share of the applicable series of Common Stock with respect to which the Free Standing SAR was granted on the date of exercise over the base price per share of such Free Standing SAR.~~

~~Section 7.5 - Consideration. The consideration to be received upon the exercise of a SAR by the Holder shall be paid in whole~~

10.4 *Section 162(m) of the Code.* Notwithstanding the foregoing provisions, if the Committee intends for a Performance Award to be granted and administered in a manner designed to preserve the

Award evidenced thereby shall be subj



Stock or any other property, and the liabilities of the Company and any Subsidiary of the Company to any employee pursuant to the Plan shall be those of a debtor pursuant to such contract obligations as are created by or pursuant to the Plan, and the rights of any employee, former employee or beneficiary under the Plan shall be limited to those of a general creditor of the Company or the applicable Subsidiary of the Company, as the case may be. In its sole discretion, the Board may authorize the creation of trusts or other arrangements to meet the obligations of the Company under the Plan, *provided, however*, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

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

11.14 *Accounts.* The delivery of any shares of Common Stock and the payment of any amount in respect of an Award shall be for the account of the Company or the applicable Subsidiary of the Company, as the case may be, and any such delivery or payment shall not be made until the recipient shall have paid or made satisfactory arrangements for the payment of any applicable withholding taxes as provided in Section 11.9.

11.15 *Legal Opinions.* The Company shall provide legal opinions in connection with the issuance of Common Stock as follows:

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"Term" has the meaning specified in Section 2 of this Agreement.

"Vesting Anniversary Date" means _____, 20____.

"Year of Continuous Service" has the meaning specified in Section 7(d) of this Agreement.

2. *Grant of Options.* Subject to the terms and conditions herein, pursuant to the Plan, the Company grants to the Grantee options to purchase from the Company, exercisable during the period commencing on the Effective Date and expiring on _____.



Business Day, the first Business Day following such date or (iii) the earliest Business Day by which the Company has received all of the following:

- (a) Written notice, in such form as the Committee may require, containing such representations and warranties as the Committee may require and designating, among other things, the date of exercise and the number of shares of L Stock ("Option Shares") to be purchased;
- (b) Payment of the Base Price for each Option Share to be purchased in any (or a combination) of the following forms: (A) cash, (B) check or (C) the delivery, together with a properly executed exercise notice, of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay the purchase price (and, if applicable the Required Withholding Amount, as described in Section 5 below); and
- (c) Any other documentation that the Committee may reasonably require.

5. *Mandatory Withholding for Taxes.* The Grantee acknowledges and agrees that the Company will deduct from the shares of L Stock otherwise payable or deliverable upon exercise of any L Options that number of shares of L Stock (valued at their Fair Market Value on the date of exercise) that is equal to the amount of all federal, state and local taxes required to be withheld by the Company upon such exercise, as determined by the Committee (the "Required Withholding Amount"). If the Grantee elects to make payment of the Base Price by delivery of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay the purchase price, such instructions may also include instructions to deliver the Required Withholding Amount to the Company. In such case, the Company will notify the broker promptly of the Committee's determination of the Required Withholding Amount.

6. *Payment or Delivery by the Company.* As soon as practicable after receipt of all items referred to in Section 4, and subject to the withholding referred to in Section 5, the Company will deliver or cause to be delivered to the Grantee certificates issued in the Grantee's name for the number of shares of L Stock purchased by exercise of L Options, and (ii) any cash payment to which the Grantee is entitled in lieu of a fractional share of L Stock, as provided in Section 2 above. Any delivery of shares of L Stock will be deemed effected for all purposes when certificates representing such shares have been delivered personally to the Grantee or, if delivery is by mail, when the stock transfer agent of the Company has deposited the certificates in the United States mail, addressed to the Grantee, and any cash payment will be deemed effected when a check from the Company, payable to the Grantee and in the amount equal to the amount of the cash payment, has been delivered personally to the Grantee or deposited in the United States mail, addressed to the Grantee.

7. *Early Termination of L Options.* The L Options will terminate, prior to the expiration of the Term, at the time specified below:

- (a) Subject to Section 7(b), if the Grantee's employment with the Company and its Subsidiaries is terminated other than (i) by the Company or a Subsidiary (whether for Cause or without Cause) or (ii) by reason of death or Disability, then the L Options will terminate at the Close of Business on the first Business Day following the expiration of the 90-day period which began on the date of termination of the Grantee's employment.
- (b) If the Grantee dies (i) while employed by the Company or a Subsidiary, or prior to the expiration of a period of time following termination of the Grantee's employment during which the L Options remain exercisable as provided in Section 7(a) or Section 7(c) if the time expires



sold, exchanged, transferred or otherwise disposed of during the Misstatement Period. h



will be delivered personally or sent by United States first class mail, postage prepaid and addressed as follows:

Liberty Media C

18. *Construction.* References in this Agreement to "this Agreement" and the words "herein," "hereof," "hereunder" and similar terms include all Exhibits and Schedules appended hereto. The word "include" and all variations thereof are used in an illustrative sense and not in a limiting sense. All decisions of the Committee upon questions regarding this Agreement will be conclusive. Unless otherwise expressly stated herein, in the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan will control. The headings of the sections of this Agreement have been included for convenience of reference only, are not to be considered a part hereof and will in no way modify or restrict any of the terms or provisions hereof



EXHIBIT B
TO
NON-QUALIFIED STOCK OPTION AGREEMENT
DATED AS OF _____, 20____ BETWEEN LIBERTY MEDAIBIT B A ~ 0

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[EXHIBIT 10.17](#)

"Year of Continuous Service" has the meaning specified in Section Dintoin"Citthsp ar 0fff x



Business Day, the first Business Day following such date or (iii) the earliest Business Day by which the Company has received all of the following:

- (a) Written notice, in such form as the Committee may require, containing such representations and warranties as the Committee may require and designating, among other things, the date of exercise and the number of shares of L Stock ("Option Shares") to be purchased;
- (b) Payment of the Base Price for each Option Share to be purchased in any (or a combination) of the following forms: (A) cash, (B) check or (C) the delivery, together with a properly executed exercise notice, of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay the purchase price (and, if applicable the Required Withholding Amount, as described in Section 5 below); and
- (c) Any other documentation that the Committee may reasonably require.

5. *Mandatory Withholding for Taxes.* The Grantee acknowledges and agrees that the Company will deduct from the shares of L Stock otherwise payable or deliverable upon exercise of any L Options that number of shares of L Stock (valued at their Fair Market Value on the date of exercise) that is equal to the amount of all federal, state and local taxes required to be withheld by the Company upon such exercise, as determined by the Committee (the "Required Withholding Amount"). If the Grantee elects to make payment of the Base Price by delivery of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay the purchase price, such instructions may also include instructions to deliver the Required Withholding Amount to the Company. In such case, the Company will notify the broker promptly of the Committee's determination of the Required Withholding Amount.

6. *Payment or Delivery by the Company.* As soon as practicable after receipt of all items referred to in Section 4, and subject to the withholding referred to in Section 5, the Company will deliver or cause to be delivered to the Grantee certificates issued in the Grantee's name for the number of shares of L Stock purchased by exercise of L Options, and (ii) any cash payment to which the Grantee is entitled in lieu of a fractional share of L Stock, as provided in Section 2 above. Any delivery of shares of L Stock will be deemed effected for all purposes when certificates representing such shares have been delivered personally to the Grantee or, if delivery is by mail, when the stock transfer agent of the Company has deposited the certificates in the United States mail, addressed to the Grantee, and any cash payment will be deemed effected when a check from the Company, payable to the Grantee and in the amount equal to the amount of the cash payment, has been delivered personally to the Grantee or deposited in the United States mail, addressed to the Grantee.

7. *Early Termination of L Options.* The L Options will terminate, prior to the expiration of the Term, at the time specified below:

- (a) Subject to Section 7(b), if the Grantee's employment with the Company and its Subsidiaries is terminated other than (i) by the Company or a Subsidiary (whether for Cause or without Cause) or (ii) by reason of death or Disability, then the L Options will terminate at the Close of Business on the first Business Day following the expiration of the 90-day period which began on the date of termination of the Grantee's employment.
- (b) If the Grantee dies (i) while employed by the Company or a Subsidiary, or prior to the expiration of a period of time following termination of the Grantee's employment during which the L Options remain exercisable as provided in Section 7(a) or Section 7(c) if the time expires



which began on the date of the Grantee's death or (B) the Special Termination Period, whichever period is longer.

(c) Subject to Section 7(b), if the Grantee's employment with the Company and its Subsidiaries terminates by reason of Disability, then the L Options will terminate at the Close of Business on the first Business Day following the expiration of the one-year period which began on the date of termination of the Grantee's employment.

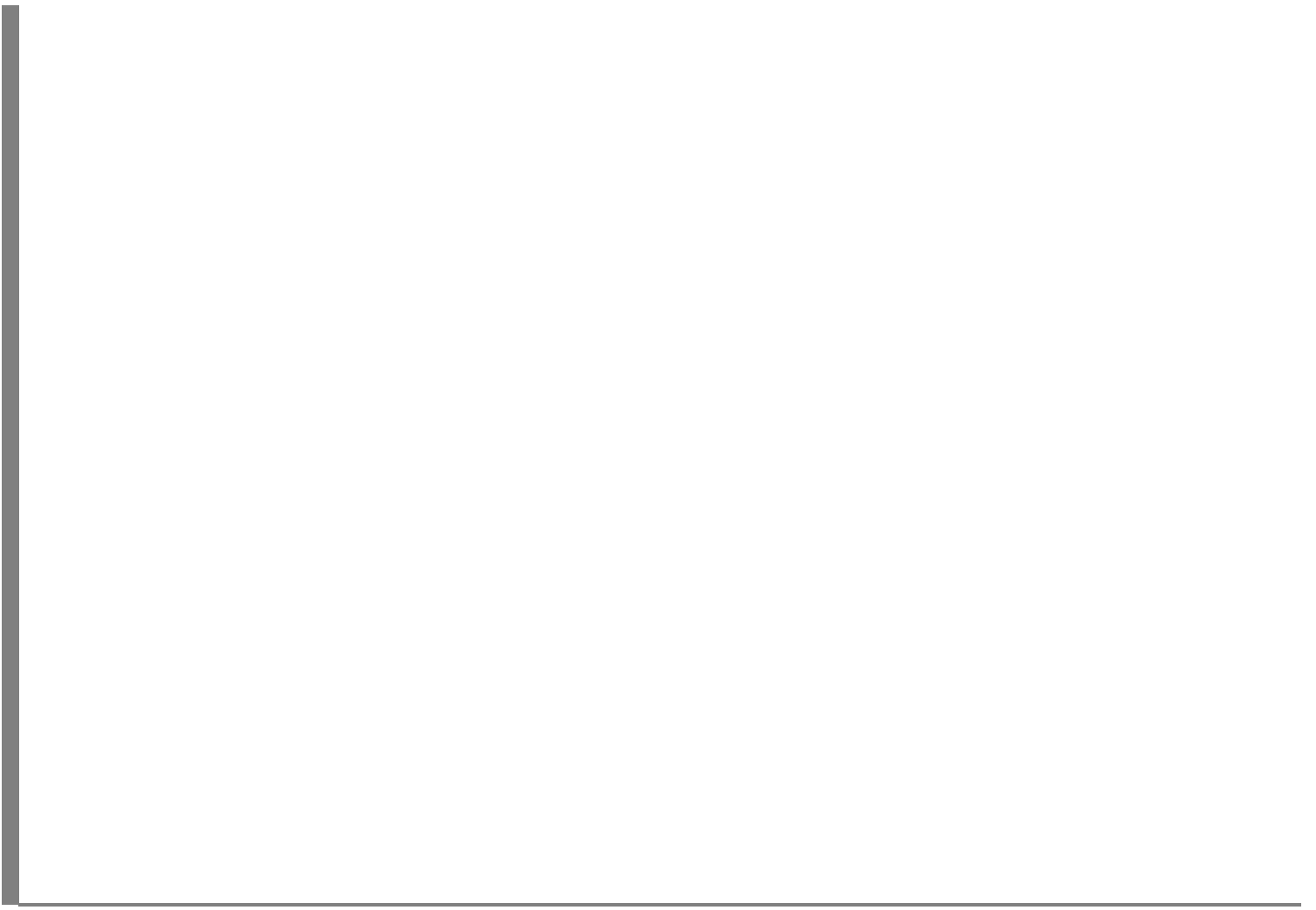
(d) If the Grantee's employment with the Company and its Subsidiaries is terminated by the Company or a Subsidiary without Cause, the L Options will terminate at the Close of Business on the first Business Day following the expiration of the Special Termination Period. The Special Termination Period is the period of time beginning on the date of the Grantee's termination of employment and continuing for the number of days that is equal to the sum of (a) 90, plus (b) 180 multiplied by the Grantee's total Years of Continuous Service. A Year of Continuous Service means a consecutive 12-month period, measured by the Grantee's hire date (as reflected in the payroll records of the Company or a Subsidiary) and the anniversaries of that date, during which the Grantee is employed by the Company or a Subsidiary without interruption. For purposes of determining the Grantee's Years of Continuous Service, Grantee's employment with the Company's former parent, AT&T Broadband LLC, formerly known as Tele-Communications, Inc. ("TCI"), and any predecessor of the Company or TCI will be included, provided that the Grantee's hire date with the Company or a Subsidiary occurred within 30 days following the Grantee's termination of employment with TCI or such predecessor. If the Grantee was employed by a Subsidiary at the time of such Subsidiary's acquisition by the Company, the Grantee's employment with the Subsidiary prior to the acquisition date will be included in determining the Grantee's Years of Continuous Service unless the Committee, in its sole discretion, determines that such prior employment will be excluded.

(e) If the Grantee's employment with the Company and its Subsidiaries is terminated by the Company for Cause, then the L Options will terminate immediately upon such termination of the Grantee's employment.

In any event in which L Options remain exercisable for a period of time following the date of termination of the Grantee's employment as provided above, the L Options may be exercised during such period of time only to the extent the same were exercisable as provided in Section 3 above on such date of termination of the Grantee's employment. Notwithstanding any period of time referenced in this Section 7 or any other provision of this Section 7 that may be construed to the contrary, the L Options will in any event terminate upon the expiration of the Term.

8. *Nontransferability.* During the Grantee's lifetime, the L Options are not transferable (voluntarily or involuntarily) other than pursuant to a Domestic Relations Order and, except as otherwise required pursuant to a Domestic Relations Order, are exercisable only by the Grantee or the Grantee's court appointed legal representative. The Grantee may designate a beneficiary or beneficiaries to whom the L Options will pass upon the Grantee's death and may change such designation from time to time by filing a written designation of beneficiary or beneficiaries with the Committee on the form annexed hereto as Exhibit B or such other form as may be prescribed by the Committee, provided that no such designation will be effective unless so filed prior to the death of the Grantee. If no such designation is made or if the designated beneficiary does not survive the Grantee's death, the L Options will pass by will or the laws of descent and distribution. Following the Grantee's death, the L Options, if otherwise exercisable, may be exercised by the person to whom such option or right passes according to the foregoing and such person will be deemed the Grantee for purposes of any applicable provisions of this Agreement.

9. *No Stockholder Rights.* Prior to the exercise of L Options in accordance with the terms and conditions set forth in this Agreement, the Grantee will not be deemed for any purpose to be, or to



between the Grantee and the Company regarding the Award. This Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

21. *Grantee A m u 3*



EXHIBIT B
TO
NON-QUALIFIED STOCK OPTION AGREEMENT
DATED AS OF _____, 20____ BETWEEN LIBERTY MEDAIBIT B A ~ 0

QuickLinks

[EXHIBIT 10.18](#)

[DESIGNATED PERSONS]

**LIBERTY MEDIA CORPORATION
2000 INCENTIVE PLAN
(AS AMENDED AND RESTATED EFFECTIVE APRIL 19, 2004)
RESTRICTED STOCK AWARD AGREEMENT**

THIS AGREEMENT ("Agreement") is made as of _____, 20____ (the "Grant Date"), by and between LIBERTY MEDIA CORPORATION, a Delaware corporation (the "Company"), and the person signing as "Grantee" on the signature page hereof (the "Grantee").

The Company has adopted the Liberty Media Corporation 2000 Incentive Plan (as Amended and Restated Effective April 19, 2004) (the "Plan"), a copy of which is attached to this Agreement as Exhibit A and by this reference made a part hereof, for the benefit of eligible employees of the Company and its Subsidiaries. Capitalized terms used and not otherwise defined in this Agreement will have the meaning ascribed to them in the Plan.

~~and~~ Pursuant to the Plan, the Incentive Plan Committee (the "Committee") appointed by the Board pursuant to Section 3.1 of the Plan to administer the Plan has determined that ~~it is in the best interest of the Company~~ and its stockholders to award shares of common stock to Grantee, subject to the conditions set forth in the Plan. ~~and~~ ~~the~~ ~~Company~~ ~~and~~ ~~its~~ ~~stockholders~~ ~~to~~ ~~award~~ ~~shares~~ ~~of~~ ~~common~~ ~~stock~~ ~~to~~ ~~Grantee~~, ~~subject~~ ~~to~~ ~~the~~ ~~conditions~~ ~~set~~ ~~forth~~ ~~in~~ ~~the~~ ~~Plan~~.

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a Domestic Relations Order and, except as otherwise required pursuant to a Domestic Relations Order, are exercisable only by Grantee or Grantee's court appointed legal representative. The Grantee may designate a beneficiary or beneficiaries (each, a "Beneficiary"), to whom the Restricted Shares will pass upon Grantee's death and may change such designation from time to time by filing a written designation of Beneficiary or Beneficiaries with the Committee on the form annexed hereto as Exhibit B or such other form as may be prescribed by the Committee, provided that no such designation will be effective unless so filed prior to the death of Grantee. If no such designation is made or if the designated Beneficiary does not survive the Grantee's death, the Restricted Shares will pass by will or the laws of descent and distribution. Following Grantee's death, the Restricted Shares will pass accordingly to the designated Beneficiary, and such Beneficiary will be deemed the Grantee for purposes of any applicable provisions of this Agreement.

12. *Company's Rights.* The existence of this Agreement will not affect in any way the right or power of the Company or its stockholders to accomplish any corporate act, including, without limitation, the acts referred to in Section 11.16 of the Plan.

13. *Limitation of Rights.* Nothing in this Agreement or the Plan will be construed to:

- (a) give Grantee any right to be awarded any further Restricted Shares other than in the sole discretion of the Committee; or
- (b) give Grantee or any other person any interest in any fund or in any specified asset or assets of the Company or any Subsidiary of the Company.

14. *Prerequisites to Benefits.* Neither Grantee nor any person claiming through Grantee will have any right or interest in the Restricted Shares awarded hereunder, unless and until there shall have been full compliance with all the terms, conditions and provisions of this Agreement and the Plan which affect the Grantee or such other person.

15. *Restrictions Imposed by Law.* Without limiting the generality of Section 11.8 of the Plan, Grantee will not require the Company to deliver any Restricted Shares and the Company will not be obligated to deliver any Restricted Shares if counsel to the Company determines that such exercise, delivery or payment would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which the Company's securities are listed.

Section 11.7(b) of the Plan. Without limiting the generality of the foregoing, without the consent of Grantee,

(a) this Agreement may be amended or supplemented from time to time as approved by the Committee (i) to cure any ambiguity or to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, (ii) to add to the covenants and agreements of the Company for the benefit of Grantee or surrender any right or power reserved to or conferred upon the Company in this Agreement, subject to any required approval of the Company's stockholders and provided, in each case, that such changes or corrections will not adversely affect the rights of Grantee with respect to the Award evidenced hereby or (iii) to make such other changes as the Company, upon advice of counsel, determines are necessary or advisable because of the adoption or promulgation of, or change in or of the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities laws; and

(b) subject to any required action by the Board or the Company's stockholders, the Award evidenced by this Agreement may be canceled by the Committee and a new Award made in substitution therefor, provided that the Award so substituted will satisfy all of the requirements of the Plan as of the date such new Award is made and no such action will adversely affect the Restricted Shares to the extent then vested.

18. *Grantee Employment.* Nothing contained in this Agreement, and no action of the Company or the Committee with respect hereto, will confer or be construed to confer on Grantee any right to continue in the employ of the Company or any of its Subsidiaries or interfere in any way with the right of the Company or any employing Subsidiary to terminate Grantee's employment at any time, with or without cause; subject, however, to the provisions of any employment agreement between Grantee and the Company or any Subsidiary.

19. *Governing Law.* This Agreement will be governed by, and construed in accordance with, the internal laws of the State of Colorado. Each party irrevocably submits to the general jurisdiction of the state and federal courts located in the State of Colorado in any action to interpret or enforce this Agreement and irrevocably waives any objection to jurisdiction that such party may have based on inconvenience of forum.

20. *Construction.* References in this Agreement to "this Agreement" and the words "herein," "hereof," "hereunder" and similar terms include all Exhibits and Schedules appended hereto, including the Plan. This Agreement is entered into, and the Award evidenced hereby is granted, pursuant to the Plan and will be governed by and construed in accordance with the Plan and the administrative interpretations adopted by the Committee thereunder. All decisions of the Committee upon questions regarding the Plan or this Agreement will be conclusive. Unless otherwise expressly stated herein, in the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan will control. The headings of the paragraphs of this Agreement have been included for convenience of reference only, are not to be considered a part hereof and will in no way modify or restrict any of the terms or provisions hereof.

21. *Duplicate Originals.* The Company and Grantee may sign any number of copies of this Agreement. Each signed copy will be deemed to be an original, but all of them together represent the same agreement.

22. *Rules by Committee.* The rights of Grantee and the obligations of the Company hereunder will be subject to such reasonable rules and regulations as the Committee may adopt from time to time hereafter.

23. *Entire Agreement.* This Agreement is in satisfaction of and in lieu of all prior discussions and agreements, oral or written, between the Company and Grantee. Grantee and the Company hereby declare and represent that no promise or agreement not herein expressed has been made and that this

Agreement contains the entire agreement between the parties hereto with respect to the Restricted Shares and replaces and makes null and void any prior agreements between Grantee and the Company regarding the Restricted Shares.

24. *Grantee Acceptance.* Grantee shall signify acceptance of the terms and conditions of this Agreement by signing in the space provided at the end hereof and returning a signed copy to the Company.

25. *Code Section 409A Compliance.* If any provision of this Agreement would result in the imposition of an excise tax under Section 409A of the Code and related regulations and Treasury pronouncements ("Section 409A"), that provision will be reformed to avoid imposition o oo

EXHIBIT A
TO
RESTRICTED STOCK AWARD AGREEMENT
DATED AS OF , 20 **BETWEEN LIBERTY MEDIA CORPORATION AND GRANTEE**

LIBERTY MEDIA CORPORATION 2000 INCENTIVE PLAN
(AS AMENDED AND RESTATED EFFECTIVE APRIL 19, 2004)

SCHEDULE 1
TO
RESTRICTED STOCK AWARD AGREEMENT
DATED AS OF _____, 20____ BETWEEN LIBERTY MEDIA CORPORATION AND GRANTEE

Grantee:

Grant Date: _____, 20____

Restricted Shares: _____ shares of Liberty Media Corporation Series A

Common Stock, \$.01 par value per share

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[EXHIBIT 10.19](#)



2. *Grant of Stock Appreciation Rights.* Subject to the terms and conditions herein, pursuant to the P

11. *Adjustments.* If the outstanding shares of L Stock are subdivided into a greater number of shares (by stock dividend, stock split, reclassification or otherwise) or are combined into a smaller number of shares (by reverse stock split, reclassification or otherwise), or if the Committee determines that any stock dividend, extraordinary cash dividend, reclassification, recapitalization, reorganization, split-up-spin-off, combination, exchange of shares, warrants or rights offering to purchase any L Stock, or other similar corporate event (including mergers or consolidations other than those which constitute Approved Transactions, which shall be governed by Section 11.1(b) of the Plan) affects shares of L Stock such that an adjustment is required to preserve the benefits or potential benefits intended to be made available under this Agreement, then the L SARs will be subject to adjustment (including, without limitation, as to the number of L SARs and the Base Price

law or governmental rule or regulation, including any applicable federal or state securities laws; and

(b) subject to any required action by the Board or the stockholders of the Company, the L SARs granted under this Agreement may be canceled by the Company and a new Award made in substitution therefor, provided that the Award so substituted will satisfy all of the requirements of the Plan as of the date such new Award is made and no such action will adversely affect any L SARs to the extent then exercisable.

15. *Grantee Employment.* Nothing contained in this Agreement, and no action of the Company or the Committee with respect hereto, will confer or be construed to confer on the Grantee any right or

22. *Grantee Acceptance.* The Grantee will signify acceptance of the terms and conditions of this Agreement by signing in the space provided at the end hereof and returning a signed copy to the Company.

23. *Code Section 409A Compliance.* If any provision of this Agreement would result in the imposition of an excise tax under Section 409A of the Code and related regulations and Treasury pronouncements ("Section 409A"), that provision will be reformed to avoid imposition of the excise tax and no action taken to comply with Section 409A shall be deemed to impair a benefit under this Agreement.

[SIGNATURE PAGE FOLLOWS]

**SIGNATURE PAGE TO STOCK APPRECIATION RIGHTS AGREEMENT
DATED BETWEEN LIBERTY MEDIA CORPORATION AND GRANTEE**

LIBERTY MEDIA CORPORATION

By: _____

ACCEPTED:
_____ , z

**EXHIBIT A
TO
STOCK APPRECIATION RIGHTS AGREEMENT
DATED BETWEEN
LIBERTY MEDIA CORPORATION AND GRANTEE**

[COPY OF LIBERTY MEDIA CORPORATION 2000 INCENTIVE PLAN
(AS AMENDED AND RESTATED EFFECTIVE APRIL 19, 2004)]

STOCK
EXHIBIT B
TO



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[EXHIBIT 10.20](#)

**LIBERTY MEDIA CORPORATION
2002 NONEMPLOYEE DIRECTOR INCENTIVE PLAN**

(As Amended and Restated Effective August 15, 2007)

ARTICLE I

PURPOSE AND AMENDMENT OF PLAN

1.1 *Purpose.* The purpose of the Plan is to provide a method whereby eligible Nonemployee Directors of the Company may be awarded additional remuneration for services rendered and encouraged to invest in capital stock of the Company, thereby increasing their proprietary interest in the Company's businesses and increasing their personal interest in the continued success and progress of the Company. The Plan is also intended to aid in attracting Persons of exceptional ability to become Nonemployee Directors of the Company.

1.2 *Amendment and Restatement of Plan.* The Plan is hereby amended and restated as of August 15, 2007 by the Board of the Company to make certain clarifying changes to Section 4.2 hereof.

ARTICLE II

DEFINITIONS

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

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

"Agreement" means a stock option agreement, stock appreciation rights agreement, restricted shares agreement, stock units agreement, or an agreement evidencing more than one type of Award, specified in Section 11.5, as any such Agreement may be supplemented or amended from time to time.

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

"Award" means a grant of Options, SARs, Restricted Shares, Stock Units and/or cash under this Plan.

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

"Board Change" m



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4.2 *Adjustments.* If the Company subdivides its outstanding shares of any series of Common Stock into a greater number of shares of such series of Common Stock (by stock dividend, stock split, reclassification, or otherwise) or combines its outstanding shares of any series of Common Stock into a smaller number of shares of such series of Common Stock (by reverse stock split, reclassification, or otherwise) or if the Board determines that any stock dividend, extraordinary cash dividend, reclassification, recapitalization, reorganization, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase such series of Common Stock, or other similar corporate event (including mergers or consolidations other than those which constitute Approved Transactions, adjustments with respect to which shall be governed by Section 11.1(b)) affects any series of Common Stock so that an adjustment is required to preserve the benefits or potential benefits intended to be made available under this Plan, then the Board, in such manner as the Board, in its sole discretion, deems equitable and appropriate, shall



ARTICLE IX

STOCK UNITS

9.1 *Grant.* In addition to granting awards of Options, SARs, and Restricted Shares, the Board shall, subject to the limitations of the Plan, have authority to grant to eligible persons awards of Stock Units which may be in the form of shares of any specified series of Common Stock or units, the value of which shall be determined by the Board.

Awards of any or all types granted pursuant to the Plan will not vest or beco



Awards may be evidenced by a single Agreement with such Holder. Each grantee of an Option, SAR, Restricted Shares, or Stock Units shall be notified promptly of such grant, and a written Agreement shall be promptly executed and delivered by the Company. Any such written Agreement may contain (but shall not be required to contain) such provisions as the Board deems appropriate (i) to insure that the penalty provisions of Section 4999 of the Code will not apply to any stock or cash received by the Holder from the Company or (ii) to provide cash payments to the Holder to mitigate the impact of such penalty provisions upon the Holder. Any such Agreement may be supplemented or amended from time to time as approved by the Board as contemplated by Section 11.6(b).

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

11.6 *Termination and Amendment.*

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

(b) *Modification.* No termination, modification or amendment of the Plan may, without the consent of the Person to whom any Award shall theretofore have been granted, adversely affect the rights of such Person with respect to such Award. No modification, extension, renewal, or other change in any Award granted under the Plan shall be made after the grant of such Award, unless the same is consistent with the provisions of the Plan. With the consent of the Holder and subject to the terms and conditions of the Plan (including Section 11.6(a)), the Board may amend outstanding Agreements with any Holder, including, without limitation, any amendment which would (i) accelerate the time or times at which the Award may be exercised and/or (ii) extend the scheduled expiration date of the Award. Without limiting the generality of the foregoing, the Board may, but solely with the Holder's consent unless otherwise provided in the Agreement, agree to cancel any Award under the Plan and grant a new Award in substitution therefor, provided that the Award so substituted shall satisfy all of the requirements of the Plan as of the date such new Award is made. Nothing contained in the foregoing provisions of this Section 11.6(b) shall be construed to prevent the Board from providing in any Agreement that the rights of the Holder with respect to the Award evidenced thereby shall be subject to such rules and regulations as the Board may, subject to the express provisions of the Plan, adopt from time to time or impair the enforceability of any such provision.

11.7 *Government and Other Regulations.* The obligation of the Company with respect to Awards shall be subject to all applicable laws, rules, and regulations and such approvals by any governmental agencies as may be required, including, without limitation, the effectiveness of any registration statement required under the Securities Act of 1933, and the rules and regulations of any securities exchange or association on which the Common Stock may be listed or quoted. For so long as any series of Common Stock are registered under the Exchange Act, the Company shall use its reasonable efforts to comply with any legal requirements (i) to maintain a registration statement in effect under the Securities Act of 1933 with respect to all shares of the applicable series of Common Stock that may be issued to Holders under the Plan and (ii) to file in a timely manner all reports required to be filed by it under the Exchange Act.

11.8 *Withholding.* The Company's obligation to deliver shares of Common Stock or pay cash in respect of any Award under the Plan shall be subject to applicable federal, state, and local tax withholding requirements. Federal, state, and local withholding tax due at the time of an Award, upon

the exercise of any Option or SAR or upon the vesting of, or expiration of restrictions with respect to, Restricted Shares or Stock Units, as appropriate, may, in the discretion of the Board, be paid in shares of the applicable series of Common Stock already owned by the Holder or through the withholding of shares otherwise issuable to such Holder, upon such terms and conditions (including, without limitation, the conditions referenced in Section 6.5) as the Board shall determine. If the Holder shall fail to pay, or make arrangements satisfactory to the Board for the payment to the Company of, all such federal, state and local taxes required to be withheld by the Company, then the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to such Holder an amount equal to any federal, state, or local taxes of any kind required to be withheld by the Company with respect to such Award.

11.9 *Nonexclusivity of the Plan.* The adoption of the Plan by the Board shall not be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options and the awarding of stock and cash otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

11.10 *the Com*

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[LIBERTY MEDIA CORPORATION 2002 NONEMPLOYEE DIRECTOR INCENTIVE PLAN](#)

[QuickLinks](#) -- Click here to rapidly navigate through this document

EXHIBIT 10.22

**LIBERTY MEDIA CORPORATION
2002 NONEMPLOYEE DIRECTOR INCENTIVE PLAN
STOCK APPRECIATION RIGHTS AGREEMENT**

THIS STOCK APPRECIATION RIGHTS AGREEMENT IS A AGREEMENT



been delivered personally to the Grantee or deposited in the United States mail, addressed to the Grantee.

7. *Early Termination of L SARs.* Unless otherwise determined by the Board in its sole discretion, the L SARs will terminate, prior to the expiration of the Term, at the time specified below:

(a) Subject to Section 7(b), if the Grantee's service as a Nonemployee Director terminates other than (i) by the Company for cause or (ii) by reason of death or Disability, then the L SARs will terminate at the Close of Business on the first Business Day following the expiration of the one-year period which began on the date of termination of the Grantee's service. For purposes of this Section 7, "cause" will have the meaning specified in Section 11.2(b) of the Plan.

(b) If the Grantee dies while serving as a Nonemployee Director, or prior to the expiration of a period of time following termination of the Grantee's service during which the L SARs remain exercisable as provided in Section 7(a) or Section 7(c), as applicable, the L SARs will terminate at the Close of Business on the first Business Day following the expiration of the one-year period which began on the date of the Grantee's death.

(c) Subject to Section 7(b), if the Grantee's service as a Nonemployee Director terminates by reason of Disability, then the L SARs will terminate at the Close of Business on the first Business Day following the expiration of the one-year period which began on the date of termination of the Grantee's service.

(d) If the Grantee's service as a Nonemployee Director is terminated by the Company for "cause" (as defined in Section 11.2(b) of the Plan), then the L SARs will terminate immediately upon such termination of the Grantee's service.

In any event in which L SARs remain exercisable for a period of time following the date of termination of the Grantee's service as provided above, the L SARs may be exercised during such period of time only to the extent the same were exercisable as provided in Section 3 above on such date of termination of the Grantee's service. Notwithstanding any period of time referenced in this Section 7 or any other provision of this Section 7 that may be construed to the contrary, the L SARs will in any event terminate upon the expiration of the Term.

8.

Company or of the Company with respect to any shares of L Stock, nor will the existence of this Agreement affect in any way the right or power of the Company or its stockholders to accomplish any corporate act, including, without limitation, the acts referred to in Section 11.15 of the Plan.

11. *Adjustments.* If the outstanding shares of L Stock are subdivided into a greater number of shares (by stock dividend, stock split, reclassification or otherwise) or are combined into a smaller number of shares (by reverse stock split, reclassification or otherwise), or if the Board determines that any stock dividend, extraordinary cash dividend, reclassification, recapitalization, reorganization, split-up-spin-off, combination, excha

adversely affect the rights of the Grantee with respect to the Award evidenced hereby, or (iii) to make such other changes as the Company, upon advice of counsel, determines are necessary or advisable because of the adoption or promulgation of, or change in or of the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities laws; and

(b) subject to any required action by the Board or the stockholders of the Company, the L SARs granted under this Agreement may be canceled by the Company and a new Award made in substitution therefor, provided that the Award so substituted will satisfy all of the requirements of the Plan as of the date such new Award is made and no such action will adversely affect any L SARs to the extent then exercisable.

15. *Status as Director.* Nothing contained in this Agreement, and no action of the Company or the Board with respect hereto, will confer or be construed to confer on the Grantee any right to continue as a director of the Company or interfere in any way with the right of the Company or its shareholders to terminate the Grantee's status as a director at any time, with or without cause.

~~16.~~ *Nonalienation of Benefits.* Except as provided in Section 9 of this Agreement, (i) no right or benefit under this Agreement will be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same will be void, and (ii) no right or benefit hereunder will in any manner be liable for or subject to the debts, contracts, liabilities or torts of the Grantee or other person entitled to such benefits.

17. ~~17.~~ *Governing Law.* ~~in the State of Colorado~~ This Agreement and the rights and obligations hereunder shall be governed by and construed in accordance with the internal laws of the State of Colorado. Each party irrevocably submits to the ~~general~~ jurisdiction of the courts of the State of Colorado.

22. *Grantee Acceptance.* The Grantee will signify acceptance of the terms and conditions of this Agreement by signing in the space provided at the end hereof and returning a signed copy to the Company.

[SIGNATURE PAGE FOLLOWS]

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[EXHIBIT 10.22](#)

an employee with spousal coverage under such plan (the "Company Contribution"). The Company Contribution will be made monthly during the Participation Period in accordance with the Company's normal procedures for the payment of health plan premiums. The aggregate amount of the Company Contribution in any taxable year of the Executive shall not affect the amount eligible to be made as the Company Contribution for any other taxable year of the Executive, and the Company Contribution will not be subject to liquidation or exchange for any other benefit. The Executive shall be responsible for payment of that portion of the monthly premium in excess of the Company Contribution. To the extent any such health plan is made available generally to employees of the Company, except to the extent the Company reasonably determines to be necessary or advisable to comply with applicable law (including tax law), the Company will refrain from taking any action that would limit or eliminate the Executive's eligibility to participate in such health plan. LMC and the Company will use their reasonable best efforts to cause any successor employer of all or substantially all of the employees of the Company to assume the obligations of the Company pursuant to this Section 3.

4. *Indemnification.* LMC and the Executive acknowledge and agree that they are parties to an Indemnification Agreement dated May 9, 2006 (the "Indemnification Agreement") pursuant to which the Company has agreed to indemnify the Executive with respect to Claims relating to Indemnifiable Events (as such terms are defined in the Indemnification Agreement). LMC and the Executive further acknowledge and agree that the Indemnification Agreement shall remain in full force and effect according to its terms, notwithstanding termination of the Executive's employment pursuant to the terms of this Agreement.

5. *Dispute Resolution.* ~~Notwithstanding any provision in any agreement, document, or instrument to the contrary, the parties agree that any dispute, controversy, or question arising under, out of, or in connection with this Agreement shall be resolved by arbitration in accordance with the rules of the American Arbitration Association. The arbitration shall be held in the County of Santa Clara, California. The arbitration shall be confidential and the arbitrator's decision shall be final and binding on the parties.~~

7. *Miscellaneous.*

(a) This Agreement will be governed by, and construed in accordance with, the laws of the State of Colorado, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and will have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications under this Agreement will be in writing and will be given by hand delivery or telecopy to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

or to such other address or telecopy as either party furnishes to the other in writing in accordance with this Section 7(b). Notices and communications will be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement. If any provision of this Agreement will be held invalid or unenforceable in part, the remaining portion of such provision, together with all other provisions of this Agreement, will remain valid and enforceable and continue in full force and effect to the fullest extent consistent with law.

(d) Any party's failure to insist upon strict compliance with any provision of, or to assert any right under, this Agreement will not be deemed to be a waiver of such provision or right or of any other provision of or right under this Agreement.

(e) Except as to the Existing Award Agreements referenced in Section 2 above and the Indemnification Agreement referenced in Section 4 above, the parties acknowledge that this Agreement supersedes any other agreement between them or between the Executive and any predecessor or affiliate of LMC or the Company (collectively with LMC and the Company, the "Employing Entities"), or any plan or practice of any of the Employing Entities concerning the subject matter hereof, including the Company's Severance Pay Plan or any other severance plan or policy of any of the Employing Entities or any of their respective affiliates (collectively, the "Severance Plans"). The Executive hereby irrevocably waives any rights to severance benefits under the Severance Plans or to acceleration of equity awards under the Severance Plans or any equity award plan of any of the Employing Entities except as may be provided in this Agreement. For the avoidance of doubt, the Company and the Executive acknowledge and agree that none of Liberty Global, Inc., Discovery Communications, Inc., Discovery Holding Company or Ascent Media Corporation shall be considered an Employing Entity for purposes of this Agreement.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and the Company and LMC have caused this Agreement to be executed in their name on their behalf, all as of the day and year first above written.

Robert R. Bennett

Date: _____

LIBERTY MEDIA CORPORATION

By: _____

Charles Y. Tanabe
Executive Vice President

Date: _____

LIBERTY MEDIA LLC

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[TERMINATION AGREEMENT](#)

Dr. John C. Malone
Ms. Leslie Malone
c/o Tele-Communications, Inc.
5619 DTC Parkway
Englewood, Colorado 80111

Dear John and Leslie:

Reference is made to the Call Agreement, dated as of February 9, 1998 (the "Malone Call Agreement"), between Tele-Communications, Inc., a Delaware corporation ("TCI"), and John C. Malone and Leslie Malone (the "Malones"). Capitalized terms used but not expressly defined in this letter have the meanings given to them in the Malone Call Agreement. Section references in this letter are to Sections of the Malone Call Agreement.

The purpose of this letter is to confirm and clarify the following:

1. Each of the Malones consents to the assignment by TCI to Liberty Ventures Group LLC, a Delaware limited liability company ("LVG"), and the subsequent assignment by LVG to Liberty Media Corporation, a Delaware corporation ("LMC"), of all of TCI's rights, interests and obligations under the Malone Call Agreement, and agrees that upon such assignments TCI shall have no further rights or obligations under the Malone Call Agreement. Each of the Malones also agrees that if a Triggering Event (as defined below) occurs in the future and is not waived, LMC may assign all of its rights, interests and obligations under the Malone Call Agreement to Liberty Media Group LLC and, in the event of such assignment, references to LMC herein shall thereafter refer to Liberty Media Group LLC. "Triggering Event" has the meaning ascribed to such term in the Contribution Agreement, being entered into on March 9, 1999, among LMC, Liberty Media Management LLC, Liberty Media Group LLC and Liberty Ventures Group LLC.

2. TCI and the Malones agree that if, for any reason, the Agreement and Plan of Restructuring and Merger, dated as of June 23, 1998, as amended, among TCI, AT&T Corp., a New York corporation ("AT&T"), and Italy Merger Corp., a Delaware corporation and a wholly owned subsidiary of AT&T ("MergerSub"), terminates without consummation of the merger of MergerSub into TCI contemplated thereby (the "Merger"), the assignments described in paragraph 1 shall be rescinded.

3. TCI and the Malones agree that if, for any reason, the Agreement and Plan of Restructuring and Merger, dated as of June 23, 1998, as amended, among TCI, AT&T Corp., a New York corporation ("AT&T"), and Italy Merger Corp., a Delaware corporation and a wholly owned subsidiary of AT&T ("MergerSub"), terminates without consummation of the merger of MergerSub into TCI contemplated thereby (the "Merger"), the assignments described in paragraph 1 shall be rescinded.



If the foregoing accurately expresses our understanding, please sign and return the enclosed counterpart of this letter.

Sincerely,

TELE-COMMUNICATIONS, INC.

By:

Stephen M. Brett
*Executive Vice President,
Secretary and General Counsel*

LIBERTY VENTURES GROUP LLC

By:

Stephen M. Brett
Vice President

LIBERTY MEDIA CORPORATION

By:

Stephen M. Brett
Vice President

Confirmed:

JOHN C. MALONE

LESLIE MALONE

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[Exhibit 10.27](#)

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EXHIBIT 21

As of December 31, 2009

A table of subsidiaries of Liberty Media Corporation is set forth below, indicating as to each the state or jurisdiction of organization and the names under which such subsidiaries do business. Subsidiaries not included in the table are inactive or, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

<u>Name</u>	<u>State/Country of Formation</u>
1227844 Ontario Ltd.	CANADA

Name
GSI C

State/Country
of Formation



Name	State/Country of Formation
Liberty MLP, Inc.	CO
Liberty NC, LLC	DE
Liberty NEA, Inc.	DE
Liberty PL2, Inc.	DE
Liberty PL3, LLC	DE
Liberty Programming Company LLC	DE
Liberty Property Holdings, Inc.	DE
Liberty Protein, Inc.	DE
Liberty QVC Holding, LLC	DE
Liberty Radio, LLC	DE
Liberty Satellite & Technology, Inc.	DE
Liberty Satellite Radio Holdings, LLC	DE
Liberty Satellite Radio, Inc.	DE
Liberty Satellite, LLC	DE
Liberty Sling, Inc.	DE
Liberty Sports Interactive, Inc.	DE
Liberty Tower, Inc.	DE
Liberty TP Management Holdings, LLC	DE
Liberty TS, Inc.	DE
Liberty TSAT, LLC	DE
Liberty TWSTY II, Inc.	CO
Liberty TWSTY III, Inc.	CO
Liberty USA Holdings, LLC	DE
Liberty Virtual Pets, LLC	DE
Liberty WDIG, Inc.	DE
Liberty Wireless 1, Inc.	DE
Liberty Wireless 10, Inc.	DE
Liberty Wireless 11, Inc.	DE
Liberty Wireless 2, Inc.	DE
Liberty Wireless 3, Inc.	DE
Liberty Wireless 4, Inc.	DE
Liberty Wireless 5, Inc.	DE
Liberty Wireless 7, Inc.	DE
Liberty Wireless 8, Inc.	DE
Liberty Wireless 9, Inc.	DE
Liberty XMSR, Inc.	DE
LMC BET, LLC	CO
LMC Capital LLC	DE
LMC Denver Arena, Inc.	DE



<u>Name</u>	<u>State/Country of Formation</u>
QVC India, Ltd.	DE
QVC International LLC	DE
QVC International Management GP LLC	DE
QVC International Management LLC & Co KG (a partnership)	GERMANY
QVC Italia S.r.l. [Italian limited liability company]	ITALY
QVC Italy Holdings, LLC	DE
QVC Japan Holdings, Inc.	DE
QVC Japan Services, Inc.	DE
QVC Japan, Inc.	JAPAN
QVC Mexico II, Inc.	DE
QVC Mexico III, Inc.	DE
QVC Mexico, Inc.	DE
QVC of Thailand, Inc.	DE
QVC Pension Trustee Limited	UK
QVC Productworks, Inc.	DE
QVC Properties, Ltd.	BRITAIN
QVC Publishing, Inc.	DE
QVC Realty, Inc.	PA
QVC Rocky Mount, Inc.	NC
QVC RS Naples, Inc.	FL
QVC San Antonio, LLC	TX
QVC Satellite, Ltd	JAPAN
QVC St. Lucie, Inc.	FL
QVC Studio GmbH	GERMANY
QVC Suffolk, Inc.	MN
QVC TX, LLC	DE
QVC UK Holdings Limited	ENGLAND/WALES
QVC, Inc.	DE
QVC-QRT, Inc.	DE
RS Marks, Inc.	DE
RS Myrtle Beach, Inc.	SC
Satellite MGT, LLC	DE
Savor North Carolina, Inc.	NC
SEG Investments, Inc.	DE
SFD Productions, LLC	DE
Sheepish, LLC	DE
Sparty Films LA, LLC	DE
Sparty Investments, LLC	DE
Starz Animation Slate, LLC	DE
Starz Australia Holdings Pty Ltd.	AUSTRALIA
Starz Canada Holdings I B.V.	NETHERLANDS
Starz Canada Holdings I Co. (unlimited liability company)	NOVA SCOTIA
Starz Canada Holdings II B.V.	NETHERLANDS
Starz Entertainment, LLC	CO
Starz Foreign Holdings B.V.	NETHERLANDS
Starz Foreign Holdings, LLC	DE
Starz Independent, LLC	DE
Starz Media Canada Co. (unlimited liability company)	NOVA SCOTIA
Starz Media Film Productions Puerto Rico, LLC	PUERTO RICO
Starz Media Group, Inc.	DE
Starz Media Holdings, LLC	DE
Starz Media, LLC	DE

Name
Starz UK Holdings Limited
Starz, LLC
TATV, Inc.
TBH Marks, Inc.

State/Country
of Formation
UK
DE
DE

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[Consent of Independent Registered Public Accounting Firm](#)

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-134067) pertaining to the Liberty Media 401(k) Savings Plan;
- (2) Registration Statement (Form S-8 No. 333-134114) pertaining to the Liberty Media Corporation 2002 Nonemployee Director Incentive Plan (As Amended and Restated Effective August 15, 2007);
- (3) Registration Statement (Form S-8 No. 333-134115) pertaining the LMC Incentive Plan;
- (4) Registration Statement (Form S-8 No. 333-142626) pertaining to the Liberty Media Corporation 2007 Incentive Plan;
- (5) Registration Statement (Form S-8 No. 333-149542) pertaining the LMC Incentive Plan;
- (6) Registration Statement (Form S-8 No. 333-149543) pertaining to the Liberty Media Corporation 2002 Nonemployee Director Incentive Plan (As Amended and Restated Effective August 15, 2007);
- (7) Registration Statement (Form S-8 No. 333-149544) pertaining to the Liberty Media Corporation 2007 Incentive Plan;
- (8) Registration Statement (Form S-8 No. 333-149545) pertaining to the Liberty Media 401(k) Savings Plan;

of our report dated February 11, 2010, with respect to the consolidated financial statements of Expedia, Inc. included in this Annual Report (Form 10-K) of Liberty Media Corporation for the year ended December 31, 2009.

Ernst & Young LLP

Seattle, Washington
February 25, 2010

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[Consent of Independent Registered Public Accounting Firm](#)

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Exhibit 31.1

CERTIFICATION

I, Gregory B. Maffei, certify that:

1. I have reviewed this annual report on Form 10-K of Liberty Media Corporation;
 - 2.
-

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[CERTIFICATION](#)

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Exhibit 31.2

CERTIFICATION

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

1. I have reviewed this annual report on Form 10-K of Liberty Media Corporation;
 2. Based on my knowledge, this annual 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 annual report;
 3. Based on my knowledge, the financial statements and other financial information included in this annual 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 annual report;
 4. The registrant's other certifications and disclosures are true and accurate.
-

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CERTIFICATION

I, Christopher W. Shean, certify that:

1. I have reviewed this annual report on Form 10-K of Liberty Media Corporation;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements and other financial information included in this annual 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 annual 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 and 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 the information is being developed, reported, reviewed, and approved for disclosure;

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 annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report.

I am not aware of any fraud or other illegal activity that could materially affect the registrant's financial statements or the disclosure of material information.



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[CERTIFICATION](#)

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Exhibit 32

Certification

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Exhibit 99.1

Unaudited Attributed Financial Information for Tracking Stock Groups

Ona

SUMMARY ATTRIBUTED FINANCIAL DATA

Interactive Group



SUMMARY ATTRIBUTED FINANCIAL DATA

Capital Group

BALANCE SHEET INFORMATION
December 31, 2009
(unaudited)

BALANCE SHEET INFORMATION
December 31, 2008
(unaudited)

STATEMENT OF CASH FLOWS INFORMATION
Year ended December 31, 2009
(unaudited)



Notes to Attributed Financial Information

(unaudited)

- (1) The assets attributed to our Interactive Group as of Dece



Notes to Attributed Financial Information (Continued)

(unaudited)

- (2) Investments in AFS securities, which are recorded at their respective
-

Notes to Attributed Financial Information (Continued)

(unaudited)

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

(5) Cash compensation expense for our corporate employees has been allocated among the Interactive Group, the Starz Group and the Capital Group based on the estimated percentage of each group's total compensation expense. Compensation expense for our corporate employees is allocated among the Interactive Group, the Starz Group and the Capital Group based on the estimated percentage of each group's total compensation expense. Compensation expense for our corporate employees is allocated among the Interactive Group, the Starz Group and the Capital Group based on the estimated percentage of each group's total compensation expense.

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.

Interactive Group

The Interactive Group's income tax benefit (expense) consists of:

	Years ended December 31,		
	2009	2008	2007
	amounts in millions		
Current:			
Federal	\$ (223)	(220)	(280)
State and local	(49)	(19)	(64)
Foreign	(85)	(96)	(90)
	<u>(357)</u>	<u>(335)</u>	<u>(434)</u>
Deferred:			
Federal			

The Interactive Group's income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 35% as a result of the following:

Notes to Attributed Financial I



Notes to Attributed Financial Information (Continued)

(unaudited)



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

December 31, 2009 (unaudited)
amounts in millions

Liberty Media Corporation Net Assets	\$ 10,238
Reconciling items:	
LMC put option obligations	97
Liberty Media LLC Net Assets	<u>\$ 10,335</u>
Liberty Media Corporation Net Earnings	\$ 6,501
Reconciling items:	
LMC selling, general and administrative expenses	4
Intercompany interest income	158
Unrealized gain on LMC put options	(59)
LM LLC income tax expense	(62)
Liberty Media LLC Net Earnings	<u>\$ 6,542</u>

Quic