
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (date of earliest event reported): **May 5, 2006**

LIBERTY MEDIA CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

000-51990
(Commission File Number)

84-1288730
(I.R.S. Employer Identification No.)

12300 Liberty Blvd.
Englewood, Colorado 80112
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(720) 875-5400**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement

On May 5, 2006, an ad hoc committee of members of the board of directors of Liberty Media Corporation ("Liberty") consisting of outside directors (within the meaning of Section 162(m) of the Internal Revenue Code and the regulations thereunder), on the recommendation of the full board of directors of Liberty, approved the payment to Gregory B. Maffei, the President and Chief Executive Officer of Liberty, a performance bonus of \$1,000,000 (the "Performance Bonus") on December 31, 2006, upon receipt of reasonable evidence of the satisfactory attainment of either of the following:

- (i) the operating cash flow of Liberty and its consolidated subsidiaries (defined as revenue less cost of sales, operating expenses and selling, general and administrative expenses (excluding stock compensation)) for the period of three quarters ending December 31, 2006, is greater than 105% of the operating cash flow for the period of three quarters ended December 31, 2005; or
- (ii) the closing sale price of Liberty's Series A Common Stock (appropriately adjusted for stock splits, stock dividends (including, without limitation the issuance of Liberty's Series A Interactive Common Stock and Series A Capital Common Stock on May 9, 2006), stock combinations and other events reasonably determined by the Incentive Plan Committee of Liberty's board of directors to warrant an adjustment) on the New York Stock Exchange (or, if such stock is not traded on that exchange, on the principal U.S. securities exchange (including NASDAQ) on which such stock is traded) for any period of ten consecutive trading days during the period beginning April 1, 2006 and ending December 31, 2006 is greater than \$8.5561, that being 105% of the average of the closing sale prices for the month of March 2006.

Item 7.01. Regulation FD Disclosure

On July 26, 2006, Liberty issued a press release announcing that it had entered into an agreement to acquire BUYSEASONS, Inc., the operator of BuyCostumes.com, an online retailer of children and adult costumes and accessories.

This Form 8-K and the press release attached hereto as Exhibit 99.1 are being furnished to the SEC under Items 1.01 and 7.01 of Form 8-K in satisfaction of the public disclosure requirements of Regulation FD.

SIGNATURE

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

Date: July 28, 2006

LIBERTY MEDIA CORPORATION

By: /s/ Christopher W. Shean

Name: Christopher W. Shean
Title: Senior Vice President
and Controller

FOR IMMEDIATE RELEASE:
July 26, 2006

LIBERTY MEDIA TO ACQUIRE BUYSEASONS, INC.
Costume E-Tailer to Enhance Liberty Web Strategy

Englewood, CO --- Liberty Media Corporation (NASDAQ: LCAPA, LINTA) ("Liberty") announced today that it has entered into an agreement to acquire BUYSEASONS, Inc., the operator of online costume retailer BuyCostumes.com. BuyCostumes.com is the world's largest online-only retailer of costumes and accessories, catering to Halloween enthusiasts, theatre groups, performers, children and adults. Terms of the acquisition were not disclosed.

"BUYSEASONS, Inc., with their strong financial position and exemplary commitment to customer service, has emerged as the industry leader in online-only costume sales and has also recently launched a fast-growing party supply business. We are thrilled to welcome the leaders and employees of BUYSEASONS into the Liberty family and we look forward to generating growth through the collaboration between BUYSEASONS and Liberty's other interactive companies such as QVC," said Michael Zeisser, Senior Vice President of Liberty Media. Mr. Zeisser added, "As with Provide Commerce, operator of ProFlowers, Secret Spoon, and Uptown Prime, which we acquired in February, we believe in the power of video to drive television and web-based retailing businesses. BUYSEASONS is a compelling addition to our strategy."

"The Liberty culture and structure allows BUYSEASONS to maintain an independent and entrepreneurial environment while being able to tap into the knowledge, experience and resources of Liberty's other Interactive brands," said BUYSEASONS CEO Jalem Getz. "This puts BUYSEASONS at a distinct competitive advantage over other Internet based costume and party retailers".

The proposed transaction is expected to close during the third quarter of 2006, subject to certain closing conditions. Once the transaction is completed Liberty will attribute BUYSEASONS to its Liberty Interactive tracking stock group. Pacific Crest and Foley & Lardner LLP served as financial and legal advisors to BUYSEASONS.

About Liberty Media Corporation

Liberty Media Corporation is a holding company that owns interests in a broad range of electronic retailing, media, communications and entertainment businesses. Those interests are attributed to two tracking stock groups: the Liberty Interactive group, which includes Liberty's interests in QVC, Provide Commerce, IAC/InterActiveCorp and Expedia, and the Liberty Capital group, which includes all of Liberty's assets that are not attributed to the Liberty Interactive group, including Liberty's interests in Starz Entertainment Group and News Corporation.

About BUYSEASONS, Inc.

Founded in 1999 as an Internet specialty retailer, BUYSEASONS' flagship brand, BuyCostumes.com, is the leading online-only retailer of costumes and accessories. BUYSEASONS offers one of the largest assortments of costumes for adults and children at any single location — online or offline. BuyCostumes.com historically ranks among the Internet's most highly trafficked sites during Halloween, most recently ranking third among "Shopping and Classified-Apparel and Accessories" sites during October 2005 according to *Hitwise*. In addition, BUYSEASONS operates a private-label drop ship program for other Internet retailers looking to cash in on the fast growing costume and party supplies markets.

Contact:

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