UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2012
OR

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

For the transition period from to

Commission File Number 001-35294

LIBERTY MEDIA CORPORATION

(Exact name of Registrant as specified in its charter)

State of Delaware (State or other jurisdiction of incorporation or organization)	**20-8988475** (I.R.S. Employer Identification No.)
12300 Liberty Boulevard **Englewood, Colorado** (Address of principal executive offices)	**80112** (Zip Code)

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

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

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

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

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (do not check if smaller reporting company)	Smaller reporting company ☐

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

The number of outstanding shares of Liberty Media Corporation's common stock as of July 31, 2012 was:

Series A common stock	109,750,194
Series B common stock	9,899,341

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(unaudited)

	June 30, 2012	December 31, 2011
	amounts in millions	
Assets		
Current assets:		
Cash and cash equivalents	$ 1,803	2,070
Trade and other receivables, net	307	288
Program rights	491	442
Short term marketable securities	10	299
Restricted cash (note 8)	19	709
Financial instruments (note 5)	216	—
Deferred income tax assets	76	61
Other current assets	51	45
Total current assets	2,973	3,914
Investments in available-for-sale securities and other cost investments (note 6)	1,913	1,859
Investments in affiliates, accounted for using the equity method (note 7)	732	567
Property and equipment, at cost	506	504
Accumulated depreciation	(302)	(289)
	204	215
Intangible assets not subject to amortization	475	475
Intangible assets subject to amortization, net	125	135
Program rights	302	320
Other assets, at cost, net of accumulated amortization	207	238
Total assets	$ 6,931	7,723

(continued)

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Continued)

(unaudited)

	June 30, 2012	December 31, 2011
	amounts in millions	
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 10	15
Accrued liabilities	266	313
Current portion of debt (note 8)	17	754
Deferred revenue	121	63
Other current liabilities	39	85
Total current liabilities	453	1,230
Long-term debt (note 8)	526	541
Deferred income tax liabilities	336	411
Other liabilities	288	290
Total liabilities	1,603	2,472
Stockholders' equity:		
Preferred stock, $.01 par value. Authorized 50,000,000 shares; no shares issued	—	—
Series A Liberty Capital common stock, $.01 par value. Authorized 2,000,000,000 shares; issued and outstanding 109,797,738 shares at June 30, 2012 and 112,411,965 shares at December 31, 2011	1	1
Series B Liberty Capital common stock, $.01 par value. Authorized 75,000,000 shares; issued and outstanding 9,899,754 shares at June 30, 2012 and 9,918,454 shares at December 31, 2011	—	—
Series C Liberty Capital common stock, $.01 par value. Authorized 2,000,000,000 shares; zero issued and outstanding shares at June 30, 2012 and December 31, 2011	—	—
Additional paid-in capital	3,346	3,564
Accumulated other comprehensive earnings, net of taxes	26	29
Retained earnings	1,960	1,667
Total stockholders' equity	5,333	5,261
Noncontrolling interests in equity of subsidiaries	(5)	(10)
Total equity	5,328	5,251
Commitments and contingencies (note 9)		
Total liabilities and equity	$ 6,931	7,723

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Operations

(unaudited)

	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
	amounts in millions, except per share amounts			
Revenue:				
Communications and programming services	$ 537	538	977	1,511
Operating costs and expenses:				
Operating	323	332	569	725
Selling, general and administrative, including stock-based compensation (note 3)	98	92	190	199
Legal settlement	—	—	—	(7)
Depreciation and amortization	15	20	28	41
	436	444	787	958
Operating income	101	94	190	553
Other income (expense):				
Interest expense	(7)	(3)	(14)	(10)
Share of earnings (losses) of affiliates, net (note 7)	22	(22)	13	(50)
Realized and unrealized gains (losses) on financial instruments, net (note 5)	(73)	54	40	176
Other, net	29	26	55	49
	(29)	55	94	165
Earnings (loss) from continuing operations before income taxes	72	149	284	718
Income tax (expense) benefit	85	(61)	11	(298)
Net earnings (loss)	157	88	295	420
Less net earnings (loss) attributable to the noncontrolling interests	1	(1)	2	—
Net earnings (loss) attributable to Liberty stockholders	$ 156	89	293	420
Net earnings (loss) attributable to Liberty stockholders:				
Liberty Capital common stock	$ 156	22	293	301
Liberty Starz common stock	NA	67	NA	119
	$ 156	89	293	420

(continued)

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Operations (Continued)

(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	amounts in millions, except per share amounts			
Basic net earnings (loss) attributable to Liberty stockholders per common share (note 4):				
Series A and Series B Liberty Capital common stock	$ 1.31	0.27	2.44	3.72
Series A and Series B Liberty Starz common stock	NA	1.31	NA	2.33
Diluted net earnings (loss) attributable to Liberty stockholders per common share (note 4):				
Series A and Series B Liberty Capital common stock	$ 1.27	0.27	2.36	3.63
Series A and Series B Liberty Starz common stock	NA	1.26	NA	2.25

See accompanying notes to condensed consolidated financial statements.

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Comprehensive Earnings (Loss)

(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	amounts in millions			
Net earnings (loss)	$ 157	88	295	420
Other comprehensive earnings (loss), net of taxes:				
Unrealized holding gains (losses) arising during the period	(5)	(3)	(2)	(27)
Recognition of previously unrealized (gains) losses on available-for-sale securities, net	—	8	—	2
Other	3	6	(1)	7
Other comprehensive earnings (loss)	(2)	11	(3)	(18)
Comprehensive earnings (loss)	155	99	292	402
Less comprehensive earnings (loss) attributable to the noncontrolling interests	1	(1)	2	—
Comprehensive earnings (loss) attributable to Liberty stockholders	$ 154	100	290	402
Comprehensive earnings (loss) attributable to Liberty stockholders:				
Liberty Capital common stock	$ 154	34	290	289
Liberty Starz common stock	NA	66	NA	113
	$ 154	100	290	402

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Cash Flows

(unaudited)

	Six months ended June 30, 2012	Six months ended June 30, 2011
	amounts in millions	
Cash flows from operating activities:		
Net earnings	$ 295	420
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	28	41
Amortization of program rights	384	347
Cash payments for program rights	(410)	(370)
Stock-based compensation	18	21
Cash payments for stock-based compensation	(30)	(9)
Share of (earnings) loss of affiliates, net	(13)	50
Realized and unrealized (gains) losses on financial instruments, net	(40)	(176)
Losses (gains) on disposition of assets, net	—	2
Change in tax accounts from Liberty Interactive, net	—	42
Deferred income tax expense (benefit)	(87)	217
Other noncash charges (credits), net	(3)	(327)
Changes in operating assets and liabilities		
Current and other assets	5	(192)
Payables and other liabilities	(16)	212
Net cash provided (used) by operating activities	131	278
Cash flows from investing activities:		
Cash proceeds from dispositions of securities	87	—
Proceeds (payments) on financial instruments, net	(311)	—
Investments in and loans to cost and equity investees	(207)	(82)
Repayment of loans by cost and equity investees	43	189
Capital expended for property and equipment	(6)	(6)
Net sales (purchases) of short term investments	289	189
Net (increase) decrease in restricted cash	690	(145)
Reattribution of cash to Liberty Interactive	—	(264)
Other investing activities, net	—	(1)
Net cash provided (used) by investing activities	585	(120)
Cash flows from financing activities:		
Borrowings of debt	—	1
Repayments of debt	(752)	(58)
Repurchases of Liberty common stock	(233)	(96)
Other financing activities, net	2	7
Net cash provided (used) by financing activities	(983)	(146)
Net increase (decrease) in cash and cash equivalents	(267)	12
Cash and cash equivalents at beginning of period	2,070	2,090
Cash and cash equivalents at end of period	$ 1,803	2,102

See accompanying notes to condensed consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statement Of Equity

(unaudited)

Six months ended June 30, 2012

	Stockholders' equity						Noncontrolling interest in equity of subsidiaries	Total equity
		Liberty Capital						
	Preferred Stock	Series A	Series B	Additional Paid-in Capital	Accumulated other comprehensive earnings	Retained earnings		
	amounts in millions							
Balance at January 1, 2012	$ —	$ 1	$ —	$ 3,564	$ 29	$ 1,667	$ (10)	$ 5,251
Net earnings	—	—	—	—	—	293	2	295
Other comprehensive loss	—	—	—	—	(3)	—	—	(3)
Stock compensation	—	—	—	17	—	—	—	17
Series A Liberty Capital stock repurchases	—	—	—	(233)	—	—	—	(233)
Other	—	—	—	(2)	—	—	3	1
Balance at June 30, 2012	$ —	$ 1	$ —	$ 3,346	$ 26	$ 1,960	$ (5)	$ 5,328

See accompanying notes to condensed consolidated financial statements.

(1) Basis of Presentation

The accompanying consolidated financial statements of Liberty Media Corporation (formerly named Liberty CapStarz, Inc. and prior thereto known as Liberty Splitco, Inc.) ("Liberty" or the "Company" unless the context otherwise requires) represent a combination of the historical financial information of (1) certain video programming and other media related assets and businesses previously attributed to the Starz tracking stock group and the Capital tracking stock group of Liberty Interactive Corporation ("Liberty Interactive" and formerly named Liberty Media Corporation) further described in note 2 and (2) Liberty and its consolidated subsidiaries for the period following the date of the completed Split-Off (defined below). The Split-Off has been accounted for at historical cost due to the pro rata nature of the distribution.

During the second quarter of 2010, Liberty Interactive announced that its board of directors had authorized its management to proceed with a plan to separate its Liberty Capital and Liberty Starz tracking stock groups from its Liberty Interactive tracking stock group (the "Split-Off"). The Split-Off was completed on September 23, 2011 and was effected by means of a redemption of all of the outstanding Liberty Capital common stock and Liberty Starz common stock of Liberty Interactive in exchange for all of the common stock of Liberty, which at the time of the Split-Off held all of the businesses, assets and liabilities previously attributed to the Capital and Starz tracking stock groups of Liberty Interactive pursuant to a Reorganization Agreement (described below). Immediately following the Split-Off, Liberty utilized a tracking stock capital structure similar to that used by Liberty Interactive prior to the Split-Off, with two tracking stock groups: one tracking the businesses, assets and liabilities previously attributed to Liberty Interactive's Capital group ("Capital Group") and the other tracking the businesses, assets and liabilities that were previously attributed to Liberty Interactive's Starz group ("Starz Group").

Therefore, these financial statements have been presented using the historical presentation of the Liberty Interactive attributed financial information as a basis for the consolidated financial statements. Previous transactions of the Liberty Capital group and Liberty Starz group while part of Liberty Interactive have been reflected as transactions of Liberty and the historical transactions of the Liberty Interactive group have been treated as transactions of Liberty Interactive for purposes of these financial statements. Previous transactions between either the Liberty Starz group or the Liberty Capital group while part of Liberty Interactive and the Liberty Interactive group, including all reattributions, have been reflected at historical cost on a prospective basis (i.e., treated as book value transfers rather than retroactive as-if poolings). All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Following the Split-Off, Liberty and Liberty Interactive operate as separate publicly traded companies, and neither has any stock ownership, beneficial or otherwise, in the other. In connection with the Split-Off, Liberty and Liberty Interactive entered into agreements in order to govern ongoing relationships between the two companies after the Split-Off and to provide for an orderly transition. These agreements include a Reorganization Agreement, a Services Agreement, a Facilities Sharing Agreement and a Tax Sharing Agreement.

The Reorganization Agreement provides for, among other things, the principal corporate transactions required to effect the Split-Off and provisions governing the relationship between Liberty and Liberty Interactive with respect to and resulting from the Split-Off, including cross-indemnities. Pursuant to the Services Agreement, Liberty provides Liberty Interactive with general and administrative services including legal, tax, accounting, treasury and investor relations support. Liberty Interactive reimburses Liberty for direct, out-of-pocket expenses incurred by Liberty in providing these services and for Liberty Interactive's allocable portion of costs associated with any shared services or personnel based on an estimated percentage of time spent providing services to Liberty Interactive. Under the Facilities Sharing Agreement, Liberty Interactive shares office space with Liberty and related amenities at Liberty's corporate headquarters.

The Tax Sharing Agreement provides for the allocation and indemnification of tax liabilities and benefits between Liberty Interactive and Liberty and other agreements related to tax matters. Among other things, pursuant to the Tax Sharing Agreement, Liberty has agreed to indemnify Liberty Interactive, subject to certain limited exceptions, for losses and taxes resulting from the Split-Off to the extent such losses or taxes (i) result primarily from, individually or in the aggregate, the breach of certain restrictive covenants made by Liberty (applicable to actions or failures to act by Liberty and its subsidiaries following the completion of the Split-Off), (ii) result from the Liberty Capital common stock or the Liberty Starz common stock not being treated as stock of Liberty, or being treated as Section 306 stock within the meaning of Section 306(c) of the Internal Revenue Code of 1986, as amended (the "Code"), for U.S. federal income tax purposes, (iii) result from the Liberty

Interactive common stock, the Liberty Capital common stock, or the Liberty Starz common stock not being treated as stock of Liberty Interactive, or being treated as Section 306 stock within the meaning of Section 306(c) of the Code, for U.S. federal income tax purposes, (iv) result from Section 355(e) of the Code applying to the Split-Off as a result of the Split-Off being part of a plan (or series of related transactions) pursuant to which one or more persons acquire a 50-percent or greater interest (measured by vote or value) in the stock of Liberty, or (v) result from deferred intercompany items or excess loss accounts that are triggered by the Split-Off, and that would otherwise be allocated to Liberty. In addition, Liberty will be required to indemnify Liberty Interactive for any losses or taxes resulting from the failure of the Liberty Entertainment, Inc. split-off (the "LEI Split-Off" previously completed by Liberty Interactive) and related restructuring transactions to be a tax-free transaction described under Sections 355 and 368(a)(1)(D) (including any such losses or taxes arising as a result of the completion of the Split-Off), except to the extent that such losses or taxes result primarily from, individually or in the aggregate, a breach of certain restrictive covenants made by Liberty Interactive (applicable to actions or failures to act by Liberty Interactive and its subsidiaries following the completion of the Split-Off). Liberty Interactive has entered into a closing agreement with the IRS with respect to the Split-Off which provides that no gain or loss shall be recognized by Liberty Interactive or Liberty as a result of the Split-Off. Further, Liberty Interactive has entered into a closing agreement with the IRS with respect to the LEI Split-Off which provides that no gain or loss shall be recognized by Liberty Interactive as a result of the LEI Split-Off and the related DirecTV combination.

Liberty received $5 million of cash during the six months ended June 30, 2012 under these various agreements.

Liberty, through its ownership of interests in subsidiaries and other companies, is primarily engaged in the media, communications and entertainment industries primarily in North America.

The accompanying (a) condensed consolidated balance sheet as of December 31, 2011, which has been derived from audited financial statements, and (b) the interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for such periods have been included. The results of operations for any interim period are not necessarily indicative of results for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in Liberty's Annual Report on Form 10-K for the year ended December 31, 2011.

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

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

Liberty's income taxes for the three and six months ended were a net tax benefit as a result of a capital loss realized on the taxable liquidation of a consolidated subsidiary. The realized capital loss was $285 million and as a result a $100 million federal tax benefit was recorded and is being carried forward as a deferred tax asset.

During August 2012, Liberty's Board of Directors authorized a plan to distribute to the stockholders of Liberty shares of a subsidiary that will hold all of the businesses, assets and liabilities of Liberty not associated with Starz, LLC. The transaction would be effected as a pro-rata dividend of shares of a newly created subsidiary to the stockholders of Liberty. The subsidiary, which would become a separate public company, would be called Liberty Media Corporation ("New Liberty"). The businesses, assets, liabilities not included in New Liberty would be part of a separate public company called Starz. Starz will consist of 100% of Starz, LLC, approximately $1.5 billion in debt (assuming full draw down of the Starz bank facility) and an undetermined amount of cash.

The spin-off is intended to be tax-free to stockholders of Liberty Media and its completion will be subject to various conditions, including the registration of the shares to be distributed, the receipt of an IRS private letter ruling, the opinions of tax counsel and required government approvals. The spin-off will not require a stockholder vote. Subject to such conditions, including those described above, the spin-off is currently expected to occur in late 2012.

(2) Tracking Stocks

Tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. Immediately following the Split-Off, Liberty had two tracking stocks—Liberty Starz common stock and Liberty Capital common stock, which were intended to track and reflect the economic performance of the Starz Group and Capital Group, respectively. On November 28, 2011, Liberty completed the conversion of each outstanding share of Liberty Starz common stock for 0.88129 of a share of the corresponding series of Liberty Capital common stock, with cash paid in lieu of any fractional shares (the "Conversion"). As a result of the Conversion, there are no outstanding shares of Liberty Starz common stock at June 30, 2012 and December 31, 2011, respectively. The Liberty Capital common stock previously traded under the LCAPA and LCAPB ticker symbols, and following the Conversion the ticker symbols changed to LMCA and LMCB, respectively.

While the Starz Group and the Capital Group had separate collections of businesses, assets and liabilities attributed to them prior to the Conversion, no group was a separate legal entity and therefore could not own assets, issue securities or enter into legally binding agreements. Holders of tracking stocks had no direct claim to the group's stock or assets and were not represented by separate boards of directors. Instead, holders of tracking stock were stockholders of the parent corporation, with a single board of directors and subject to all of the risks and liabilities of the parent corporation.

On February 9, 2011, prior to the Split-Off, Liberty Interactive's board approved a change in the attribution of the 3.125% Exchangeable Senior Debentures due 2023, the stock into which such debt is exchangeable and cash of $264 million from its Capital Group to its Interactive Group (the "TWX Reattribution").

(3) Stock-Based Compensation

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

In connection with the Split-Off, Awards with respect to Liberty Interactive's Series A and Series B Liberty Starz and Liberty Capital common stock were converted to Awards with respect to Liberty's Series A and Series B Liberty Starz and Liberty Capital common stock pursuant to Liberty's Transitional Stock Adjustment Plan (the "Transitional Plan"). Following the Split-Off and the Conversion, the Transitional Plan governs the terms and conditions of such Awards in respect of a maximum of 7.8 million shares of Liberty Capital common stock. No additional grants may be made pursuant to the Transitional Plan. Therefore, the activity associated with such Awards of Liberty Interactive's Starz and Capital common stock, prior to the Split-Off, has been reflected as Awards of Liberty in the condensed consolidated financial statements.

Additionally, as discussed in note 2, the Company effected the Conversion, whereby it converted each share of outstanding Liberty Starz common stock into 0.88129 of a share of the corresponding series Liberty Capital common stock (with cash paid in lieu of fractional shares). The outstanding Liberty Starz stock options, SARs and shares of restricted stock were also exchanged for Liberty Capital stock options, SARs and shares of restricted stock using the same ratio, and an adjustment was made to the exercise price or base price, as applicable, in the case of stock options or SARs, respectively, using the same ratio.

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

Three months ended:	
June 30, 2012	$ 10
June 30, 2011	$ 10
Six months ended:	
June 30, 2012	$ 18
June 30, 2011	$ 21

In the six months ended June 30, 2012, the Company granted, primarily to Starz employees, 646,000 options to purchase shares of Series A Liberty Capital common stock. Such options had a weighted average grant-date fair value of $39.77 per share. These options vest quarterly over 4 years.

Liberty Interactive previously calculated, and Liberty calculates, the grant-date fair value for all of its equity classified awards and the subsequent remeasurement of its liability classified awards using the Black-Scholes Model. Liberty 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 Capital common stock and the implied volatility of publicly traded Liberty Capital options. Liberty uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject Awards.

Liberty—Outstanding Awards

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

	Series A Liberty Capital	WAEP
	numbers of Awards in thousands	
Outstanding at January 1, 2012	7,665	$ 36.57
Granted	646	$ 89.66
Exercised	(226)	$ 25.64
Forfeited/Cancelled/Exchanged	(42)	$ 81.48
Outstanding at June 30, 2012	8,043	$ 40.91
Exercisable at June 30, 2012	2,330	$ 22.76

The following table provides additional information about outstanding Awards to purchase Liberty Capital common stock at June 30, 2012.

	No. of outstanding Awards (000's)	WAEP of outstanding Awards	Weighted average remaining life	Aggregate intrinsic value (000's)	No. of exercisable Awards (000's)	WAEP of exercisable Awards	Weighted average remaining life	Aggregate intrinsic value (000's)
Series A Liberty Capital	8,043	$ 40.91	5.7 years	$ 381,670	2,330	$ 22.76	2.8 years	$ 151,888

As of June 30, 2012, the total unrecognized compensation cost related to unvested Liberty Awards was approximately $81 million. Such amount will be recognized in the Company's condensed consolidated statements of operations over a weighted average period of approximately 2.5 years.

As of June 30, 2012, Liberty reserved 8.0 million Series A Liberty Capital common stock for issuance under exercise privileges of outstanding stock Awards.

(4) Earnings Attributable to Liberty Media Corporation Stockholders Per Common Share

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

Series A and Series B Liberty Capital Common Stock

The basic and diluted EPS calculation is based on the following weighted average outstanding shares of Liberty Capital common stock, based on the conversion ratio of 1 to 1 utilized in the Split-Off, prior to the Split-Off, and the actual Liberty Capital common stock after the Split-Off. Excluded from diluted EPS for the three months ended June 30, 2012 are less than a million potential common shares because their inclusion would be anti-dilutive.

	Liberty Capital Common Stock			
	Three months ended June 30, 2012	Six months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2011
	numbers of shares in millions			
Basic EPS	119	120	81	81
Stock options	4	4	2	2
Diluted EPS	123	124	83	83

Series A and Series B Liberty Starz Common Stock

The basic and diluted EPS calculation is based on the following weighted average outstanding shares of Liberty Starz common stock for the three and six months ended June 30, 2011, based on the conversion ratio of 1 to 1 utilized in the Split-Off and prior to the Split-Off. As discussed in note 2, on November 28, 2011 the Company converted each share of Liberty Starz into 0.88129 of a share of the corresponding series of Liberty Capital common stock (with cash paid in lieu of fractional shares) to eliminate the tracking stock structure. Therefore, there was no Liberty Starz common stock outstanding for the three and six months ended June 30, 2012.

	Liberty Starz Common Stock	
	Three months ended June 30, 2011	Six months ended June 30, 2011
	numbers of shares in millions	
Basic EPS	51	51
Stock options	2	2
Diluted EPS	53	53

(5) <u>Assets and Liabilities Measured at Fair Value</u>

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

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

		Fair Value Measurements at June 30, 2012		
Description	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		amounts in millions		
Cash equivalents	$ 1,523	1,517	6	—
Short term marketable securities	$ 10	—	10	—
Available-for-sale securities	$ 1,905	1,530	375	—
Financial instruments (1)	$ 211	216	(5)	—

(1) Included within financial instruments are forward purchase options on marketable securities and related deposits. The Company may settle these options either through physical or cash exercise or net unwind of the contracts.

The majority of Liberty's Level 2 financial assets and liabilities are debt instruments with quoted market prices which are not considered to be traded on "active markets," as defined in GAAP and other financial instruments valued based on financial models that use observable market data such as interest rates, stock prices and volatilities. Accordingly, the financial instruments are reported in the foregoing table as Level 2 fair value.

Realized and Unrealized Gains (Losses) on Financial Instruments

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

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	amounts in millions			
Non-strategic Securities	$ 58	85	131	385
Borrowed shares	—	(23)	—	(118)
Net change from Non-strategic securities	58	62	131	267
Exchangeable senior debentures	—	1	—	(85)
Other derivatives	(131)	(9)	(91)	(6)
	$ (73)	54	40	176

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

All marketable equity and debt securities held by the Company are classified as available-for-sale ("AFS") and are carried at fair value generally based on quoted market prices. GAAP permits entities to choose to measure many financial instruments, such as AFS securities, and certain other items at fair value and to recognize the changes in fair value of such instruments in the entity's statement of operations (the "fair value option"). The Company previously entered into economic hedges for certain of its non-strategic AFS securities (although such instruments were not accounted for as fair value hedges by the Company). Changes in the fair value of these economic hedges were reflected in the Company's statement of operations as unrealized gains (losses). In order to better match the changes in fair value of the subject AFS securities and the changes in fair value of the corresponding economic hedges in the Company's financial statements, the Company elected the fair value option for those of its AFS securities which it considers to be non-strategic ("Non-strategic Securities"). Accordingly, changes in the fair value of Non-strategic Securities, as determined by quoted market prices, are reported in realized and unrealized gains (losses) on financial instruments in the accompanying condensed consolidated statements of operations. The total value of the Non-strategic Securities aggregated $1,488 million as of June 30, 2012.

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

	June 30, 2012	December 31, 2011
	amounts in millions	
Time Warner Inc.	$ 363	340
Time Warner Cable Inc.	194	150
Sprint Nextel Corporation ("Sprint")	61	44
Viacom, Inc.	357	345
CenturyLink, Inc.	71	67
Barnes & Noble, Inc.	277	253
Other AFS equity securities	33	46
Sirius XM Radio, Inc. ("SIRIUS XM") debt securities	385	384
Live Nation Entertainment, Inc. ("Live Nation") debt securities	24	24
Other AFS debt securities	148	206
	$ 1,913	1,859

Unrealized Holding Gains and Losses

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

	June 30, 2012		December 31, 2011	
	Equity securities	Debt securities	Equity securities	Debt securities
	amounts in millions			
Gross unrealized holding gains	$ 2	54	1	57
Gross unrealized holding losses	$ —	—	—	—

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

Liberty has various investments accounted for using the equity method. The following table includes the Company's carrying amount and percentage ownership of the more significant investments in affiliates at June 30, 2012 and the carrying amount at December 31, 2011:

	June 30, 2012			December 31, 2011
	Percentage ownership	Market Value (level 1)	Carrying amount	Carrying amount
	dollar amounts in millions			
SIRIUS XM(a)	42%	$ 4,898	$ 247	64
Live Nation(b)	21%	$ 360	337	377
Other	various	N/A	148	126
			$ 732	567

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

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	amounts in millions			
SIRIUS XM	$ 33	(1)	51	(8)
Live Nation(b)	(16)	(22)	(38)	(45)
Other	5	1	—	3
	$ 22	(22)	13	(50)

(a) During the three months ended June 30, 2012, Liberty acquired an additional60.3 million shares of SIRIUS XM in the open market for$129 million. Additionally, Liberty entered into a forward contract to purchase an additional 302.2 million shares of SIRIUS XM for$649 million. Liberty settled the forward contract in cash during July 2012 and took possession of the SIRIUS XM shares and as of the date of settlement had an approximate 46% ownership interest (calculated based on published SIRIUS XM shares outstanding on an as-if-converted basis) at the time of settlement. At June 30, 3012, Liberty had a deposit of $267 million, related to the forward contract, which has been accounted for in the financial instruments line item on the the balance sheet as of such date which offset the cash needed to settle the contract at maturity.

(b) During June 2011, Liberty acquired an additional5.5 million shares of Live Nation which increased our ownership percentage above 20% of the outstanding voting shares. Due to the presumption that an entity with an ownership percentage greater than 20% has significant influence and no other factors would rebut that presumption, the Company is accounting for the investment as an equity method affiliate. The Company has elected to record its share of earnings (loss) for Live Nation on a three-month lag due to timeliness considerations. Increases in ownership which result in a change to the equity method of accounting generally require retroactive recognition of an investment's share of earnings (loss) in prior periods. Due to the relative insignificance of our share of losses for Live Nation in previous periods not presented, both quantitatively and qualitatively, the Company has recorded approximately $12 million of these losses in the six months ended June 30, 2011.

Sirius XM Radio Inc.

Based on the Company's voting rights and its conclusion that the SIRIUS XM Preferred Stock is in-substance common stock, the Company accounts for its investment in the SIRIUS XM Preferred Stock using the equity method of accounting. The Company has elected to record its share of earnings (loss) for SIRIUS XM on a three-month lag due to timeliness considerations.

Summarized unaudited financial information for SIRIUS XM is as follows:

SIRIUS XM Consolidated Balance Sheet

	March 31, 2012	December 31, 2011
	amounts in millions	
Current assets	$ 1,337	1,277
Property and equipment, net	1,646	1,674
Intangible assets	2,560	2,574
Goodwill	1,835	1,835
Other assets	124	136
Total assets	$ 7,502	7,496
Current liabilities	$ 2,237	2,248
Deferred income taxes	1,025	1,011
Long-term debt	2,626	2,684
Other liabilities	764	849
Stockholders' equity	850	704
Total liabilities and equity	$ 7,502	7,496

SIRIUS XM Consolidated Statement of Operations

	Three months ended March 31,		Six months ended March 31,	
	2012	2011	2012	2011
	amounts in millions		amounts in millions	
Revenue	$ 805	724	$ 1,589	$ 1,460
Costs of services	(292)	(271)	(591)	(563)
Selling, general and administrative expenses	(248)	(221)	(512)	(466)
Restructuring, impairments and related costs	—	—	—	(60)
Depreciation and amortization	(66)	(68)	(133)	(135)
Operating income	199	164	353	236
Interest expense	(77)	(78)	(152)	(151)
Loss on extinguishment of debt	(10)	(6)	(10)	(91)
Other income (loss), net	(1)	—	(5)	3
Income tax expense	(3)	(2)	(7)	—
Net income (loss) attributable to SIRIUS XM stockholders	$ 108	78	$ 179	$ (3)

As of June 30, 2012, the SIRIUS XM Preferred Stock had a market value of$4,898 million based on the value of the common stock into which it is convertible (level 1).

(8) Long-Term Debt

Debt is summarized as follows:

	Outstanding Principal June 30, 2012	Carrying value June 30, 2012	Carrying value December 31, 2011
	amounts in millions		
Bank Facility	$ —	—	750
Starz Bank Facility	505	505	505
Subsidiary debt	38	38	40
Total debt	$ 543	543	1,295
Less current maturities		(17)	(754)
Total long-term debt		$ 526	541

Bank Facility

The prior year balance represents borrowings from a financial institution to be invested by the Company in a portfolio of selected debt and mezzanine-level instruments of companies in the telecommunications, media and technology sectors. The outstanding principal was repaid in March 2012 primarily funded by uninvested funds of $660 million which were included in restricted cash in the accompanying condensed consolidated balance sheet at December 31, 2011 and additional proceeds from the sale of certain debt securities, from the invested portfolio, during the first quarter of 2012.

Starz Bank Facility

In November 2011, Starz, LLC ("Starz"), a wholly owned subsidiary, entered into a Credit Agreement that provides for a $1 billion revolving credit facility, with a $50 million sub-limit for standby letters of credit, and $500 million of term loans. Starz may elect that the loans bear interest at a rate per annum equal to the Alternative Base Rate (as defined in the Credit Agreement) plus a margin of 0.75% to 1.75% or the LIBO Rate (as defined in the Credit Agreement) plus a margin of 1.75% to 2.75%, depending on Starz's Consolidated Leverage Ratio (as defined in the Credit Agreement). The applicable rate at June 30, 2012 was 2.0%.

As of June 30, 2012, Starz is in compliance with all of its debt covenants. As of June 30, 2012, Starz has approximately $995 million available under the revolving credit facility. The commitment fee rate on the unused portion of the revolver is between 0.25% and 0.50% based on Starz's consolidated leverage ratio. The commitment fee rate at June 30, 2012 is 0.25%.

Subsidiary Debt

Subsidiary debt at June 30, 2012 is primarily comprised of capitalized satellite transponder lease obligations.

Fair Value of Debt

Due to its variable rate nature, the Company believes that the carrying amount of its debt approximated fair value at June 30, 2012.

(9) Commitments and Contingencies

Film Rights

Starz provides premium subscription video programming to United States multichannel video distributors, including cable operators, satellite television providers and telecommunications companies. Starz has entered into agreements with a number of motion picture producers which obligate Starz to pay fees ("Programming Fees") for the rights to exhibit certain films that are released by these producers. Starz entered into an exclusive long-term licensing agreement for theatrically released films from Walt Disney Company ("Disney") studios through 2015. The agreement provides Starz with exclusive pay TV rights to exhibit qualifying theatrically released live-action and animated feature films from Walt Disney Pictures, Walt Disney Animation Studios, Disney-Pixar, Touchstone Pictures, Marvel Entertainment and Hollywood Pictures labels. Theatrically released films from Dream Works Studios and Miramax Films will not be licensed to Starz under the agreement. In addition, Starz is obligated to pay Programming Fees for all qualifying films that are released theatrically in the United States by Sony Pictures Entertainment Inc.'s Columbia Pictures, Screen Gems and Sony Pictures Classics ("Sony") through 2016, subject to certain limitations. Films are generally available to Starz for exhibition 8-12 months after their theatrical release. The Programming Fees to be paid by Starz are based on the quantity and domestic theatrical exhibition receipts of qualifying films. Starz has also entered into agreements with a number of other motion picture producers and is obligated to pay Programming Fees for the rights to exhibit certain films that are released by these producers.

The unpaid balance of Programming Fees for films that were available for exhibition by Starz at June 30, 2012 is reflected as a liability, in other liabilities, in the accompanying condensed consolidated balance sheet. The balance due as of June 30, 2012 is payable as follows: $66 million in 2012 and $5 million in 2013.

Under the above output agreements, Starz is obligated to pay Programming Fees for the rights to exhibit films that have been released theatrically, but are not available for exhibition by Starz until some future date. In addition, Starz has agreed to pay Sony (i) $95 million in two remaining annual installments of $47.5 million in 2013 and 2014, and (ii) a total of $120 million in three equal annual installments beginning in 2015. The estimated payments under these agreements, which have not been accrued as of June 30, 2012, are as follows: $114 million in 2012; $314 million in 2013; $73 million in 2014; $59 million in 2015; $51 million in 2016 and $58 million thereafter.

Starz is also obligated to pay Programming Fees for films that have not yet been released in theatres. Starz is unable to estimate the amounts to be paid under these output agreements for films that have not yet been released in theatres, however such amounts are expected to be significant.

Guarantees

The Company guarantees Starz's obligations under certain of its studio output agreements. At June 30, 2012, the Company's guarantees for obligations for films released by such date aggregated $473 million. While the guarantee amount for films not yet released is not determinable, such amount is expected to be significant. As noted above, Starz has recognized the liability for a portion of its obligations under the output agreements. As this represents a direct commitment of Starz, a consolidated subsidiary of the Company, the Company has not recorded a separate indirect liability for its guarantee of these obligations.

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

Employment Contracts

The Atlanta Braves and certain of their players and coaches have entered into long-term employment contracts whereby such individuals' compensation is guaranteed. Amounts due under guaranteed contracts as of June 30, 2012 aggregated $77 million, which is payable as follows: $30 million in 2012, $20 million in 2013, $13 million in 2014, $13 million in 2015 and $1 million thereafter. In addition to the foregoing amounts, certain players and coaches may earn incentive compensation under the terms of their employment contracts.

Operating Leases

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

Litigation

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

In connection with a commercial transaction that closed during 2002 among Liberty, Vivendi Universal S.A. (“Vivendi”) and the former USA Holdings, Inc., Liberty brought suit against Vivendi et. al. in the United States District Court for the

Southern District of New York, alleging, among other things, breach of contract and fraud by Vivendi. On June 25, 2012, the jury awarded Liberty damages in the amount of €765 million in connection with a finding of breach of contract and fraud by the defendant. Judgment, however, will not be entered until the Court rules on any post-trial briefing. Vivendi has announced its intention to appeal the jury's verdict, and Liberty has indicated its intent to seek prejudgment interest on the jury's award. As a result, the amount that Liberty may ultimately recover in connection with the final resolution of the action, if any, is uncertain. Any recovery by Liberty will not be reflected in our consolidated financial statements until such time as the final disposition of this matter has been reached.

(10) Information About Liberty's Operating Segments

The Company, through its ownership interests in subsidiaries and other companies, is primarily engaged in the media, communications and entertainment industries. The Company identifies its reportable segments as (A) those consolidated subsidiaries that represent 10% or more of its consolidated annual revenue, annual Adjusted OIBDA or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of the Company's annual pre-tax earnings.

The Company evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as revenue, Adjusted OIBDA and gross margin. In addition, the Company reviews nonfinancial measures such as subscriber growth and penetration.

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

For the six months ended June 30, 2012, the Company has identified the following businesses as its reportable segments:

- Starz, LLC—consolidated subsidiary that provides premium subscription video programming to United States multichannel video distributors, including cable operators, satellite television providers and telecommunications companies. Starz also develops, produces and acquires entertainment content and distributes this content to consumers in the United States and throughout the world.
- ANLBC—consolidated subsidiary that owns and operates the Atlanta Braves Major League Baseball franchise.
- TruePosition, Inc.—consolidated subsidiary that develops and markets technology for locating wireless phones and other wireless devices enabling wireless carriers, application providers and other enterprises to provide E-911 services domestically and other location-based services to mobile users both domestically and worldwide.

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

Performance Measures

	Six months ended June 30,			
	2012		2011	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
Starz, LLC	$ 808	235	794	249
ANLBC	102	5	95	(8)
TruePosition	39	4	587	373
Corporate and other	28	(8)	35	(6)
	$ 977	236	1,511	608

	Three months ended June 30,			
	2012		2011	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
Starz, LLC	$ 403	108	403	118
ANLBC	99	22	91	8
TruePosition	22	3	27	3
Corporate and other	13	(7)	17	(5)
	$ 537	126	538	124

Other Information

	June 30, 2012		
	Total assets	Investments in affiliates	Capital expenditures
	amounts in millions		
Starz, LLC	$ 2,645	—	2
ANLBC	566	31	2
TruePosition	139	—	1
Corporate and other	3,581	701	1
	$ 6,931	732	6

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

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	amounts in millions			
Consolidated segment Adjusted OIBDA	$ 126	124	236	608
Stock-based compensation	(10)	(10)	(18)	(21)
Gain on legal settlement	—	—	—	7
Depreciation and amortization	(15)	(20)	(28)	(41)
Interest expense	(7)	(3)	(14)	(10)
Share of earnings (losses) of affiliates, net	22	(22)	13	(50)
Realized and unrealized gains (losses) on financial instruments, net	(73)	54	40	176
Other, net	29	26	55	49
Earnings (loss) from continuing operations before income taxes	$ 72	149	284	718

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

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

- changes in the nature of key strategic relationships with multichannel video distributors and content providers and our ability to maintain and renew affiliation agreements on terms acceptable to us;
- customer demand for our products and services and our ability to adapt to changes in demand;
- competitor responses to our products and services, and the products and services of the entities in which we have interests;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- uncertainties associated with product and service development and market acceptance, including the development and provision of programming for new television and telecommunications technologies;
- our future financial performance, including availability, terms and deployment of capital;
- our ability to successfully integrate and recognize anticipated efficiencies and benefits from the businesses we acquire;
- the ability of suppliers and vendors to deliver products, equipment, software and services;
- the cost of and our ability to acquire or produce desirable original programming and to acquire theatrical movie content for our networks and film distribution businesses;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners, vendors and joint venturers;
- general economic and business conditions and industry trends including the current economic downturn;
- consumer spending levels, including the availability and amount of individual consumer debt;
- disruption in the production of theatrical films or television programs due to strikes by unions representing writers, directors or actors;
- continued consolidation of the broadband distribution and movie studio industries;
- changes in distribution and viewing of television programming, including the expanded deployment of personal video recorders, video on demand and IP television and their impact on media content consumption;
- rapid technological changes;
- capital spending for the acquisition and/or development of telecommunications networks and services;
- the regulatory and competitive environment of the industries in which we, and the entities in which we have interests, operate; and
- threatened terrorist attacks and ongoing military action in the Middle East and other parts of the world and political unrest in international markets.

For additional risk factors, please see Part I, Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2011. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto and our Annual Report on Form 10-K for the year ended December 31, 2011.

Explanatory Note

Liberty Media Corporation ("Liberty" or "the Company") was previously an indirect, wholly owned subsidiary of Liberty Interactive Corporation ("Liberty Interactive," formerly known as Liberty Media Corporation). Liberty Interactive's capital structure previously utilized three tracking stocks: the Liberty Interactive common stock, Liberty Starz common stock and Liberty Capital common stock. During the third quarter of 2011, Liberty Interactive completed the previously announced plan to separate its Liberty Capital and Liberty Starz tracking stock groups from its Liberty Interactive tracking stock group (the "Split-Off"). The Split-Off was effected by means of a redemption of all of the Liberty Capital common stock and the Liberty Starz common stock in exchange for all of the common stock of Liberty which at the time of the Split-Off held all of the assets, liabilities and businesses previously attributed to Liberty Interactive's Capital and Starz tracking stock groups. Additionally, on November 28, 2011 we completed the conversion of each outstanding share of Liberty Starz common stock for 0.88129 of a share of the corresponding series of Liberty Capital common stock, with cash paid in lieu of fractional shares.

Overview

We own controlling and non-controlling interests in a broad range of media, communications and entertainment companies. Our more significant operating subsidiaries, which are also our principal reportable segments, are Starz, LLC, Atlanta National League Baseball Club, Inc., ("ANLBC") and TruePosition, Inc. ("TruePosition"). Starz, LLC provides premium subscription video programming to United States multichannel video distributors, including cable operators, satellite television providers and telecommunications companies. Starz also develops, produces and acquires entertainment content and distributes this content to consumers in the United States and throughout the world. ANLBC owns the Atlanta Braves, a major league baseball club, as well as certain of the Atlanta Braves' minor league clubs. TruePosition provides equipment and technology that deliver location-based services to wireless users.

Our "Corporate and Other" category includes our other consolidated subsidiaries and corporate expenses.

In addition to the foregoing businesses, we hold ownership interests in Sirius XM Radio, Inc. ("SIRIUS XM") and Live Nation Entertainment, Inc. ("Live Nation"), which we account for as equity method investments; and we continue to maintain investments and related financial instruments in public companies such as Time Warner Inc., Time Warner Cable Inc. and Viacom, Inc. and Barnes & Noble, Inc., which are accounted for at their respective fair market values and are included in corporate and other.

Results of Operations—Consolidated

General. We provide in the tables below information regarding our Consolidated Operating Results and Other Income and Expense, as well as information regarding the contribution to those items from our reportable segments . The "corporate and other" category 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 see "Results of Operations—Businesses" below.

Consolidated Operating Results

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	amounts in millions			
Revenue				
Starz, LLC	$ 403	403	808	794
ANLBC	99	91	102	95
TruePosition	22	27	39	587
Corporate and other	13	17	28	35
	$ 537	538	977	1,511
Adjusted OIBDA				
Starz, LLC	$ 108	118	235	249
ANLBC	22	8	5	(8)
TruePosition	3	3	4	373
Corporate and other	(7)	(5)	(8)	(6)
	$ 126	124	236	608
Operating Income (Loss)				
Starz, LLC	$ 100	112	220	236
ANLBC	14	(5)	(7)	(31)
TruePosition	1	—	1	375
Corporate and other	(14)	(13)	(24)	(27)
	$ 101	94	190	553

Revenue. Our consolidated revenue decreased $1 million and $534 million for the three and six month periods ended June 30, 2012, respectively, as compared to the corresponding prior year periods. The three month decrease was primarily due to a decrease in revenue at TruePosition due primarily to the fact that TruePosition continues to be out of contract with one of its large customers. The six month decrease was primarily due to a decrease in the revenue of TruePosition, as a result of the recognition of previously deferred revenue at TruePosition in the prior year. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of certain of our subsidiaries.

Adjusted OIBDA. We define Adjusted OIBDA as revenue less operating expenses and selling, general and administrative ("SG&A") expenses (excluding stock compensation). Our chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our businesses and make decisions about allocating resources among our businesses. We believe this is an important indicator of the operational strength and performance of our businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes such costs as depreciation and amortization, stock-based compensation, separately reported litigation settlements and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. See note 10 to the accompanying condensed consolidated financial statements for a reconciliation of Adjusted OIBDA to Earnings (loss) from continuing operations before income taxes.

Consolidated Adjusted OIBDA increased $2 million for the three months ended June 30, 2012 anddecreased $372 million for the six months ended June 30, 2012, as compared to the corresponding prior year periods. The three month increase was primarily driven by the increase in Adjusted OIBDA for ANLBC offset by a decrease in Adjusted OIBDA at Starz, LLC. The six month decrease was primarily driven by the decrease in Adjusted OIBDA for TruePosition as a result of a one-time recognition of deferred revenue and costs in the prior year. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of certain of our subsidiaries.

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

We recorded $18 million and $21 million of stock compensation expense for the six months ended June 30, 2012 and 2011, respectively. The decrease in stock compensation expense in 2012 relates primarily to our liability classified awards due to a less significant increase in our stock prices in the current period as compared to the prior period. As of June 30, 2012, the total unrecognized compensation cost related to unvested Liberty equity awards was approximately $81 million. Such amount will be recognized in our consolidated statements of operations over a weighted average period of approximately 2.5 years.

Operating income. Our consolidated operating income increased $7 million for the three months ended June 30, 2012 and decreased $363 million for the six months ended June 30, 2012 as compared to the corresponding prior year periods. The three month increase was primarily due to the increase in operating income at ANLBC offset by a decrease in operating income at Starz, LLC. The six month decrease is primarily the result of a change in operating results for TruePosition, due to a one-time recognition of deferred revenue and costs in the prior year.

Other Income and Expense

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

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	amounts in millions			
Other income (expense):				
Interest expense	(7)	(3)	(14)	(10)
Share of earnings (losses) of affiliates	22	(22)	13	(50)
Realized and unrealized gains (losses) on financial instruments, net	(73)	54	40	176
Other, net	29	26	55	49
	(29)	55	94	165

Interest expense. Consolidated interest expense increased for the three and six months ended June 30, 2012 as compared to the corresponding prior year periods. The increase is due to a change in the average interest rate on the oustanding debt period over period. The interest rate on the Starz Credit Facility, which was not in place until the third quarter of 2011, is greater than the interest rate of the Liberty Bank Facility which was repaid in the first quarter of 2012.

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

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	amounts in millions			
SIRIUS XM	$ 33	(1)	51	(8)
Live Nation	(16)	(22)	(38)	(45)
Other	5	1	—	3
	$ 22	(22)	13	(50)

During the second quarter of 2011 the Company acquired an additional 5.5 million shares of Live Nation which increased our ownership percentage above 20% of the outstanding voting shares. Due to the presumption that an entity with an ownership percentage greater than 20% has significant influence and no other factors would rebut that presumption, the Company is accounting for the investment as an equity method affiliate. Increases in ownership which result in a change to the equity method of accounting generally require retroactive recognition of an investment's share of earnings (loss) in prior periods. Due to the relative insignificance of our share of losses for Live Nation in previous periods not presented, both quantitatively and qualitatively, the Company has recorded approximately $12 million of these losses in the six months ended June 30, 2011.

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

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	amounts in millions			
Non-strategic Securities	$ 58	85	131	385
Borrowed shares	—	(23)	—	(118)
Net change in Non-strategic Securities	58	62	131	267
Exchangeable senior debentures	—	1	—	(85)
Other derivatives	(131)	(9)	(91)	(6)
	$ (73)	54	40	176

Income taxes. Our income taxes for the three and six months ended June 30, 2012 was a net tax benefit as a result of a capital loss realized on the taxable liquidation of a consolidated subsidiary. The realized capital loss was approximately $285 million and as a result a $100 million federal tax benefit was recorded and is being carried forward as a deferred tax asset.

Net earnings. We had net earnings of $157 million and $295 million for the three and six months ended June 30, 2012, respectively, and net earnings of $88 million and $420 million for the three and six months ended June 30, 2011, respectively. The change in net earnings was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Material Changes in Financial Condition

As of June 30, 2012, substantially all of our cash and cash equivalents were invested in U.S. Treasury securities, other government securities or government guaranteed funds, AAA rated money market funds and other highly rated financial and corporate debt instruments.

The following are potential sources of liquidity: available cash balances, cash generated by the operating activities of our 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 (including availability under the Starz Credit Facility) and equity issuances, and dividend and interest receipts.

Liberty does not have a debt rating subsequent to the Split-Off because it has no public debt outstanding.

As of June 30, 2012 the Company had a cash balance of $1,803 million along with additional sources of liquidity of $1,488 million of Non-strategic AFS securities and $995 million of availability under the Starz Credit Facility. To the extent the Company recognizes any taxable gains from the sale of assets we may incur tax expense and be required to make tax payments, thereby reducing any cash proceeds. Further, our operating businesses have provided, on average, approximately $250 million in annual operating cash flow over the prior three years and we do not anticipate any significant reductions in that amount.

The Company's primary uses of cash during the six months ended June 30, 2012 were $752 million in debt repayments, which was repaid using restricted cash and cash proceeds from the sale of investments, $207 million for additional investments in available-for-sale and equity method investees, $311 million related to deposits on financial instruments and $233 million for repurchases of Series A Liberty Capital common stock. These uses of cash were funded by cash provided by operating activities, sales of short term marketable securities and cash on hand.

The projected uses of Liberty cash are the settlement of forward purchase contracts in the amount of approximately $750 million, including related deposits already discussed above, and the potential buyback of common stock under the approved share buyback programs. Between the end of the quarter and July 31, 2012 we acquired approximately 74,000 shares, for $6.5 million, of Series A Liberty Capital common stock. We may be required to make net payments of income tax liabilities to settle items under discussion with tax authorities. Additionally, we may make investments in existing or new businesses.

Results of Operations—Businesses

Starz, LLC. Starz provides premium subscription video programming to United States multichannel video distributors, including cable operators, satellite television providers and telecommunications companies. Starz also develops, produces and acquires entertainment content and distributes this content to consumers in the United States and throughout the world. Starz is managed by and organized around the Starz Channels, Starz Distribution and Starz Animation business units. Starz Distribution includes the Home Video, Digital Media and Television businesses.

A large portion of Starz's revenue is derived from the delivery of movies and original programming content to consumers through Starz Channels' distributors. Certain of Starz's affiliation agreements with its distributors provide for payments to Starz based on the number of subscribers that receive the Starz Channels' services ("consignment agreements"). Starz also has fixed-rate affiliation agreements with certain of its distributors. Pursuant to these agreements, distributors pay an agreed-upon rate regardless of the number of subscribers. The agreed-upon rate may be increased annually to the extent the contract provides for an increase. The affiliation agreements have various terms ranging from rolling month to month extensions with certain distributors to agreements which last through 2018. Starz affiliation agreements expire from time to time and are subject to renegotiation with its distributors. Certain of Starz' affiliation agreements are set to expire in the fourth quarter of 2012 which collectively cover approximately 19% of Starz Channels' revenue for the three and six months ended June 30, 2012. Starz has a history of renewing it affiliation agreements on acceptable terms. However, there is no assurance that the renewals will be on terms that are as favorable as the terms in its current agreements. Starz currently expects to renew or renegotiate these affiliation agreements; however, the terms of such renewals may be less favorable than the current affiliation agreements. During the quarter ended June 30, 2012, approximately 58% of the Starz Channels' revenue was generated by its three largest distributors, Comcast, DIRECTV and Dish Network, each which individually generated 10% or more of the Starz Channels' revenue for such period.

Starz's operating results are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	amounts in millions			
Revenue	$ 403	403	808	794
Operating expenses	(243)	(233)	(464)	(428)
SG&A expenses	(52)	(52)	(109)	(117)
Adjusted OIBDA	108	118	235	249
Stock-based compensation	(3)	(1)	(6)	(3)
Depreciation and amortization	(5)	(5)	(9)	(10)
Operating income	$ 100	112	220	236

Starz's revenue remained flat and increased $14 million or 1.8% for the three and six months ended June 30, 2012, respectively, as compared to the corresponding prior year periods. For the three months ended June 30, 2012, the increase in revenue for the Starz Channels business was offset by decreases in revenue for the Starz Distribution and Starz Animation businesses. Revenue for the six months ended June 30, 2012 increased primarily as a result of increases in revenue from the Starz Channels and Starz Distribution businesses which were partially offset by a decrease in revenue for the Starz Animation business. Starz Channels' revenue represented approximately 79% of Starz's total revenue for each of the three months ended June 30, 2012 and 2011 and approximately 80% of Starz's total revenue for each of the six months ended June 30, 2012 and 2011. The following table sets forth Starz' total revenue by business unit:

		Three months ended June 30,		Six months ended June 30,	
		2012	2011	2012	2011
		amounts in millions			
Starz Channels	$	319	317	644	632
Starz Distribution		76	80	149	146
Starz Animation		10	11	21	23
Eliminations		(2)	(5)	(6)	(7)
Total Revenue	$	403	403	808	794

Revenue from Starz Channels increased $2 million or 0.6% and $12 million or 1.9% for the three and six months ended June 30, 2012, as compared to the corresponding prior year period. The Starz Channels' growth in revenue for the three months ended June 30, 2012 resulted from a $6 million increase due to higher effective rates for the Starz Channels' services and a $4 million decrease in volume. The Starz Channels' growth in revenue for the six months ended June 30, 2012 resulted from a $19 million increase due to higher effective rates for the Starz Channels' services and an $7 million decrease in volume. The decrease in volume for both the three month and six months ended June 30, 2012 was due primarily to the non-renewal of the Netflix agreement which was partially offset by growth in the average number of subscriptions for the Starz Channels' services.

The *Starz* and *Encore* channels are the primary drivers of Starz Channels' revenue. The following table sets forth information on Starz and Encore subscribers:

	June 30,	
	2012	2011
	amounts in millions	
Starz:		
Fixed-rate subscriptions	12.4	9.0
Consignment subscriptions	8.3	10.0
Total Starz subscriptions	20.7	19.0
Encore:		
Fixed-rate subscriptions	22.5	19.5
Consignment subscriptions	11.7	13.4
Total Encore subscriptions	34.2	32.9

Starz average subscriptions increased 8.3% and 8.2% for the three and six months ended June 30, 2012 compared to the corresponding prior year periods and Encore average subscriptions increased 2.7% and 2.2% for the three and six months ended June 30, 2012 compared to the corresponding prior year periods. The impact on revenue due to subscription increases is affected by the relative percentages of increases under consignment agreements and fixed-rate agreements. In this regard, as of June 30, 2012 subscriptions under fixed-rate agreements were 34.9 million while subscriptions under consignment agreements were 20.0 million. As of June 30, 2011, subscriptions under fixed-rate affiliation agreements were 28.5 million while subscriptions under consignment agreements were 23.4 million. The increase in fixed-rate subscriptions includes 3.3 million of subscriptions for certain affiliates which moved from consignment to fixed-rate agreements.

Revenue from Starz Distribution decreased $4 million or 5.0% and increased $3 million or 2.1% for the three and six months ended June 30, 2012 as compared to the corresponding prior year period. Such changes are primarily due to increased revenue from the television and digital media businesses which were offset by a decrease in revenue from the home video business. The decrease in revenue from the home video business is due primarily to a decrease in revenue from films released under the distribution agreement with The Weinstein Company. Home video revenue was positively impacted in 2011 by the release of the Academy Award winning film, *"The King's Speech."*

Operating expenses increased by $10 million or 4.3% and $36 million or 8.4% during the three and six months ended June 30, 2012 as compared to corresponding prior year periods. Such increase is due primarily to higher programming costs. Programming expenses are Starz's primary operating expense and totaled approximately $179 million, $164 million, $340 million and $312 million for the three and six months ended June 30, 2012 and 2011, respectively. Programming expenses have increased in large part due to the mix of our original programming content. We expect that programming costs related to original programming will continue to increase in the future as Starz continues to invest in more original content.

Starz's SG&A expenses remained flat and decreased by $8 million or 6.8% for the three and six months ended June 30, 2012 as compared to the corresponding prior year periods. SG&A expenses for the three months ended June 30, 2012 as compared to the corresponding prior year period were impacted by an increase in advertising and marketing for our original content which was offset by a decrease in advertising and marketing for Starz Distribution. The decrease in SG&A expenses for the six months ended June 30, 2012 as compared to the corresponding prior year period was due primarily to a decrease in advertising and marketing for Starz Distribution. Advertising and marketing for Starz Channels was relatively flat for the six months ended June 30, 2012 as compared to the corresponding prior year period. Advertising and marketing for Starz Distribution was higher in 2011 primarily as a result of the home video release of *"The King's Speech*." We expect that advertising expenses related to original programming will increase in future periods as we continue to invest in original content.

Starz's Adjusted OIBDA decreased $10 million or 8.5% and $14 million or 5.6% for the three and six months ended June 30, 2012, as compared to the corresponding prior year periods. Adjusted OIBDA decreased in 2012 due primarily to a decrease in Adjusted OIBDA for Starz Channels. Adjusted OIBDA for Starz Channels decreased in 2012 as increases in programming costs associated with our original content more than offset increases in revenue.

ANLBC. The three and six months ended June 30, 2012 showed improved results in all aspects as compared to the corresponding prior year periods. During the three months ended June 30, 2012 the Braves had slightly higher revenue due to greater attendance and a slightly higher price per ticket. Revenue contributed to the increase in Adjusted OIBDA as compared to the corresponding prior year periods as well as an overall decrease in player compensation. Player compensation is down due to the movement of certain players in the off season and those costs being recognized in the fourth quarter of 2011. Additionally, there was a reduction in amortization which resulted in an incremental improvement to ANLBC's operating loss, as compared to the prior year periods, due to certain intangible assets becoming fully amortized throughout 2011.

TruePosition. The dramatic reduction in Revenue, Adjusted OIBDA and Operating Income during the six months ended June 30, 2012 was a direct result of a significant recognition of deferred revenue and deferred costs during the six months ended June 30, 2011. TruePosition recognized approximately $538 million of deferred revenue and $167 million of associated deferred costs during the three months ended March 31, 2011. In the first quarter of 2011 TruePosition amended and extended its agreement with AT&T under which TruePosition sells hardware, licenses software and provides ongoing technical and software support to AT&T which are used in the provision of E-911 services domestically. Under the relevant accounting guidance a material modification requires that elements under the agreement that meet the separation criteria that have been delivered be recognized as of the modification date. The revenue and associated costs had been deferred under the previous accounting guidance as Vendor Specific Objective Evidence for undelivered items (specified upgrades committed to in November of 2006) did not exist. Additionally, as discussed in the Annual Report on Form 10-K, TruePosition is out of contract with one of its large customers and has experienced no business activity with this customer for the six months ended June 30, 2012. While TruePosition continues to have ongoing discussions with this customer, with regards to a new contract, it is uncertain as to when, if any, business activity will materialize in the current year. If a new agreement cannot be negotiated we anticipate that TruePosition's Revenue, Adjusted OIBDA and Operating Income will be significantly impacted for the year ended December 31, 2012.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to market risk in the normal course of business due to our ongoing investing and financial activities. Market risk refers to the risk of loss arising from adverse changes in stock prices, interest rates and foreign currency exchange rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks.

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We have achieved this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when we deem appropriate. As of June 30, 2012, our debt is comprised of the following amounts:

Variable rate debt		Fixed rate debt	
Principal amount	Weighted avg interest rate	Principal amount	Weighted avg interest rate
dollar amounts in millions			
$ 505	2.0%	$ 38	5.5%

The Company is exposed to changes in stock prices primarily as a result of our significant holdings in publicly traded securities. We continually monitor changes in stock markets, in general, and changes in the stock prices of our holdings, specifically. We believe that changes in stock prices can be expected to vary as a result of general market conditions, technological changes, specific industry changes and other factors. We periodically use equity collars and other financial instruments to manage market risk associated with certain investment positions. These instruments are recorded at fair value based on option pricing models and other appropriate methods.

At June 30, 2012, the fair value of our AFS equity securities was $1,913 million. Had the market price of such securities been 10% lower at June 30, 2012, the aggregate value of such securities would have been $191 million lower. Additionally, our stock in SIRIUS XM and Live Nation (two of our equity method affiliates) are publicly traded securities which are not reflected at fair value in our balance sheet. These securities are also subject to market risk that is not directly reflected in our statement of operations and had the market price of such securities been 10% lower at June 30, 2012 the aggregate value of such securities would have been $526 million lower.

Item 4. Controls and Procedures.

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer, principal accounting officer and principal financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of June 30, 2012 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There has been no change in the Company's internal control over financial reporting that occurred during the six months ended June 30, 2012 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II—OTHER INFORMATION

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

Share Repurchase Programs

As discussed elsewhere in this Quarterly Report on Form 10-Q, in November 2011 Liberty completed the conversion of each outstanding share of Liberty Starz common stock into 0.88129 of a share of the corresponding series of Liberty Capital common stock, with cash paid in lieu of fractional shares. The Liberty board of directors authorized an additional $1.25 billion of Liberty Capital common stock repurchases effective the day of the conversion. First quarter repurchases and remaining availability under the repurchase program for Liberty Capital common stock is as follows:

	Series A Liberty Capital Common Stock			
Period	**(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**
April 1 - 30, 2012	755,283	$ 85.80	755,283	$1,036 million
May 1 - 31, 2012	637,100	$ 85.08	637,100	$982 million
June 1 - 30, 2012	416,373	$ 84.33	416,373	$947 million
Total	1,808,756		1,808,756	

In addition to the shares listed in the table above 2,399 shares of Series A Liberty Capital common stock were surrendered by certain of our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock.

Item 6. Exhibits

(a) Exhibits

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

10.1 Non-Qualified Stock Option Agreement for converted options pursuant to the Liberty Media Corporation Transitional Stock Adjustment Plan between Liberty Media Corporation and Gregory B. Maffei
31.1 Rule 13a-14(a)/15d-14(a) Certification*
31.2 Rule 13a-14(a)/15d-14(a) Certification*
32 Section 1350 Certification**
101.INS XBRL Instance Document**
101.SCH XBRL Taxonomy Extension Schema Document**
101.CAL XBRL Taxonomy Calculation Linkbase Document**
101.LAB XBRL Taxonomy Label Linkbase Document**
101.PRE XBRL Taxonomy Presentation Linkbase Document**
101.DEF XBRL Taxonomy Definition Document**

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* Filed herewith

** Furnished herewith

SIGNATURES

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

		LIBERTY MEDIA CORPORATION
Date: August 8, 2012	By:	/s/ GREGORY B. MAFFEI
		Gregory B. Maffei President and Chief Executive Officer
Date: August 8, 2012	By:	/s/ CHRISTOPHER W. SHEAN
		Christopher W. Shean Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

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EXHIBIT INDEX

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32	Section 1350 Certification**
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101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Calculation Linkbase Document**
101.LAB	XBRL Taxonomy Label Linkbase Document**
101.PRE	XBRL Taxonomy Presentation Linkbase Document**
101.DEF	XBRL Taxonomy Definition Document**

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** Furnished herewith

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Exhibit 10.1

EXECUTION COPY

LIBERTY MEDIA CORPORATION
TRANSITIONAL STOCK ADJUSTMENT PLAN

NON-QUALIFIED STOCK OPTION AGREEMENT
FOR CONVERTED OPTIONS

THIS NON-QUALIFIED STOCK OPTION AGREEMENT FOR CONVERTED OPTIONS ("Agreement") is entered into by and between LIBERTY MEDIA CORPORATION, a Delaware corporation formerly known as Liberty CapStarz, Inc. (the "Company"), and Gregory B. Maffei (the "Grantee").

The Grantee is employed as the President and Chief Executive Officer of the Company pursuant to the terms of an amended and restated employment agreement dated effective as of September 23, 2011 (the "Employment Agreement"). The Company has adopted the Transitional Stock Adjustment Plan (as amended prior to or after the Amendment Effective Date, the "Plan"), a copy of which as in effect on the Amendment Effective Date is attached to this Agreement as Exhibit A and by this reference made a part hereof, for the benefit of eligible employees and independent contractors of the Company and its Subsidiaries. Capitalized terms used and not otherwise defined herein or in the Employment Agreement will have the meaning given thereto in the Plan.

The Options were issued to the Grantee by the Company on September 23, 2011 in substitution for the following options previously granted to the Grantee by LINTA (as defined below) pursuant to a Non-Qualified Stock Option Agreement (2000 Plan) dated effective as of December 17, 2009 (collectively the "Converted 2009 Options"): 1,353,000 options to acquire shares of Liberty Interactive Corporation (then Liberty Media Corporation) Series A Liberty Capital Common Stock and 760,000 options to acquire shares of Liberty Interactive Corporation (then Liberty Media Corporation) Series A Liberty Starz Common Stock. The Converted 2009 Options were converted into the Options pursuant to the terms of a Reorganization Agreement dated as of August 30, 2011 between the Company and LINTA (the "Reorganization Agreement").

The Company and the Grantee therefore agree as follows:

1. Definitions. All capitalized terms not defined in this Agreement that are defined in the Employment Agreement will have the meanings ascribed to them in the Employment Agreement. The following terms, when used in this Agreement, have the following meanings:

"Agreement Regarding LINTA Awards" means the Agreement Regarding LINTA Equity Awards dated effective as of September 23, 2011 between LINTA and the Grantee. All references in this Agreement to the Agreement Regarding LINTA Awards shall be deemed to refer to the Agreement Regarding LINTA Awards as in effect as of the Amendment Effective Date and shall not be affected by any future amendment to, or termination of, the Agreement Regarding LINTA Awards (unless any such amendment to the Agreement Regarding LINTA

Awards specifically states otherwise).

"Amendment Effective Date" means September 23, 2011.

"Base Price" means:

(a) with respect to any LCAPA Option, $23.28, the Fair Market Value of a share of Old LCAPA Stock on the Effective Date; and

(b) with respect to any LSTZA Option, $47.70, the Fair Market Value of a share of Old LSTZA Stock on the Effective Date.

"Business Day" means any day other than Saturday, Sunday or a day on which banking institutions in Denver, Colorado, are required or authorized to be closed.

"Cause" has the meaning specified in the Employment Agreement except that for purposes of Section 7.B of this Agreement "Cause" has the meaning specified in the Agreement Regarding LINTA Awards.

"Change in Control" has the meaning specified in the Employment Agreement.

"Close of Business" means, on any day, 5:00 p.m., Denver, Colorado time.

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

"Company" has the meaning specified in the preamble to this Agreement.

"Disability" has the meaning specified in the Employment Agreement except that for purposes of Section 7.B of this Agreement "Disability" has the meaning specified in the Agreement Regarding LINTA Awards.

"Effective Date" means December 17, 2009.

"Employment Agreement" has the meaning specified in the recitals to this Agreement. All references in this Agreement to the Employment Agreement shall be deemed to refer to the Employment Agreement as in effect as of the Amendment Effective Date and shall not be affected by any future amendment to, or termination of, the Employment Agreement (unless any such amendment to the Employment Agreement specifically states otherwise).

"Good Reason" has the meaning specified in the Employment Agreement except that for purposes of Section 7.B of this Agreement "Good Reason" has the meaning specified in the Agreement Regarding LINTA Awards.

"Grantee" has the meaning specified in the preamble to this Agreement.

"Incentive Plan" means the Liberty Interactive Corporation (f/k/a Liberty Media Corporation) 2000 Incentive Plan (As Amended and Restated Effective February 22, 2007).

“LCAPA Option” means an Option to purchase one share of LCAPA Stock.

“LCAPA Stock” has the meaning specified in Section 2 of this Agreement.

“LINTA” means Liberty Interactive Corporation, a Delaware corporation formerly known as Liberty Media Corporation.

“LSTZA Option” means an Option to purchase one share of LSTZA Stock.

“LSTZA Stock” has the meaning specified in Section 2 of this Agreement.

“Old LCAPA Stock” means Liberty Interactive Corporation (then Liberty Media Corporation) Series A Liberty Capital Common Stock.

“Old LSTZA Stock” means Liberty Interactive Corporation (then Liberty Media Corporation) Series A Liberty Starz Common Stock.

“Option” has the meaning specified in Section 2 of this Agreement.

“Option Shares” has the meaning specified in Section 4(a) of this Agreement.

“Plan” has the meaning specified in the recitals to this Agreement.

“Qualifying Subsidiary” has the meaning set forth in the Reorganization Agreement.

“Required Withholding Amount” has the meaning specified in Section 5 of this Agreement.

“Separation” means the Grantee's “separation from service” from the Company, as defined in Treasury Regulation Section 1.409A-1(h).

“Separation from LINTA” means the Grantee's “separation from service” from LINTA, as defined in Treasury Regulation Section 1.409A-1(h).

“Subsidiary” has the meaning set forth in the Reorganization Agreement.

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

2. Grant of Options. Subject to the terms and conditions herein, pursuant to the Plan and the Reorganization Agreement, the Company granted to the Grantee on the Amendment Effective Date, and in substitution for the Converted 2009 Options, options to purchase from the Company, exercisable during the period commencing on the Amendment Effective Date and expiring at the Close of Business on December 17, 2019 (such period, the “Term”), subject to earlier termination as provided in Section 7 below, at the Base Price, the number of shares of Liberty Media Corporation Series A Liberty Capital Common Stock (“LCAPA Stock”), and Liberty Media Corporation Series A Liberty Starz Common Stock (“LSTZA Stock”) set forth on the signature page to this Agreement. Each option granted hereunder is a “Nonqualified Stock Option” and is hereinafter referred to as an “Option.” The

Base Price of each Option and the number of Options granted hereunder are subject to adjustment pursuant to Section 11 below. No fractional shares of LCAPA Stock or LSTZA Stock, as applicable, will be issuable upon exercise of an Option, and the Grantee will receive, in lieu of any fractional share of LCAPA Stock or LSTZA Stock, as applicable, that the Grantee otherwise would receive upon such exercise, cash equal to the fraction representing such fractional share multiplied by the Fair Market Value of one share of LCAPA Stock or LSTZA Stock, as applicable, as of the date on which such exercise is considered to occur pursuant to Section 4 below. Except as otherwise provided in the Plan, the Options shall continue to be subject to all the terms and conditions of the Incentive Plan.

3. **Conditions of Exercise**. Unless otherwise determined by the Committee in its sole discretion (provided that such determination is not adverse to the Grantee), the Options will be exercisable only in accordance with the conditions stated in this Section 3.

(a) Except as otherwise provided in Section 11.3(b) of the Plan, the Options may be exercised only to the extent they have become exercisable in accordance with the provisions of this Section 3(a). Except as otherwise provided in this Agreement or the Employment Agreement, subject to the Grantee's continued employment with any of LINTA, any other Qualifying Subsidiary or any of their respective Subsidiaries, or the Company or its Affiliates (as defined in the Employment Agreement), one-half of the number of LCAPA Options and LSTZA Options subject to this Agreement will become exercisable on each of December 17, 2013 and December 17, 2014. Notwithstanding the foregoing, (i) in the event that any date on which Options would otherwise become exercisable is not a Business Day, such Options will become exercisable on the Business Day next following such date, and (ii) Options that have not theretofore become exercisable will become exercisable (A) to the extent provided in the Employment Agreement, upon the occurrence of a Change in Control, or (B) to the extent provided in Section 5 of the Employment Agreement, on the date of the Grantee's Separation. In addition, and notwithstanding anything contained herein to the contrary, in the event that Grantee makes a valid Vesting Continuation Election pursuant to Section 6 of the Employment Agreement and such Section becomes applicable, any portion of the Option that is outstanding and unvested as of the date of the Grantee's Separation shall continue to vest in accordance with Section 6 of the Employment Agreement.

(b) To the extent the Options become exercisable, any or all of such Options may be exercised (at any time or from time to time, except as otherwise provided herein) until expiration of the Term or earlier termination thereof as provided herein.

(c) The Grantee acknowledges and agrees that the Committee, in its discretion and as contemplated by the Plan, may adopt rules and regulations from time to time after the date hereof with respect to the exercise of the Options and that the exercise by the Grantee of Options will be subject to the further condition that such exercise is made in accordance with all such rules and regulations as the Committee may determine are applicable thereto.

4. Manner of Exercise. Options will be considered exercised (as to the number of Options specified in the notice referred to in Section 4(a) below) on the latest of (i) the date of exercise designated in the written notice referred to in Section 4(a) below, (ii) if the date so designated is not a 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 reasonably require and designating, among other things, the date of exercise and the number of shares of LCAPA Stock and/or LSTZA 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, (C) whole shares of any class or series of the Company's common stock, or (D) 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 Base 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 LCAPA Stock or LSTZA Stock, as applicable, otherwise payable or deliverable upon exercise of any Options that number of shares of LCAPA Stock or LSTZA Stock, as applicable, (valued at the Fair Market Value of such LCAPA Stock or LSTZA Stock 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 or any Subsidiary of the Company upon such exercise, as determined by the Company (the "Required Withholding Amount"), unless provisions to pay such Required Withholding Amount have been made to the satisfaction of the Company. 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 Base 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 Company'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 (i) deliver or cause to be delivered to the Grantee certificates issued in the Grantee's name for, or cause to be transferred to a brokerage account through Depository Trust Company for the benefit of the Grantee, the number of shares of LCAPA Stock or LSTZA Stock, as applicable, purchased by exercise of Options, and (ii) deliver any cash payment to which the Grantee is entitled in lieu of a fractional share of LCAPA Stock or LSTZA Stock, as applicable, as provided in Section 2 above. Any delivery of shares of LCAPA Stock or LSTZA 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, or at the time the stock transfer agent initiates transfer of shares to a brokerage account through Depository Trust Company for the benefit of the Grantee, if applicable, 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. Termination of Options.

A. This Section 7.A will apply unless and until the Grantee makes a valid Vesting Continuation Election pursuant to the Employment Agreement and Section 6 of such agreement becomes applicable. If this Section 7.A is then applicable, the Options will terminate at the time specified below:

(a) If a Change in Control has not then occurred and the Grantee's Separation occurs prior to the Close of Business on December 31, 2014 (i) on account of a termination of the Grantee's employment for Cause or (ii) on account of a termination of the Grantee's employment by the Grantee without Good Reason, all Options that are not exercisable as of the Close of Business on the date of Separation will terminate at that time and all Options that are exercisable as of the Close of Business on the date of Separation will terminate at the Close of Business on the first Business Day following the expiration of the 90-day period that began on the date of the Grantee's Separation.

(b) If (i) the Grantee's Separation does not occur prior to the Close of Business on December 31, 2014, (ii) a Change in Control occurs prior to the Grantee's Separation, or (iii) a Change in Control has not then occurred and the Grantee's Separation occurs (A) on account of a termination of the Grantee's employment without Cause, (B) on account of a termination of the Grantee's employment by the Grantee for Good Reason, or (C) by reason of the death or Disability of the Grantee, the Options will terminate at the expiration of the Term.

In any event in which Options remain exercisable for a period of time following the date of the Grantee's Separation as provided above, the 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 Separation. Notwithstanding any period of time referenced in this Section 7.A or any other provision of this Agreement or any other agreement that may be construed to the contrary, the Options will in any event terminate not later than upon the expiration of the Term.

B. This Section 7.B. will apply if the Grantee makes a valid Vesting Continuation Election pursuant to the Employment Agreement and Section 6 of such agreement becomes applicable. If this Section 7.B is then applicable, the Options will terminate at the time specified below:

(a) If a Change in Control has not then occurred and the Grantee's Separation from LINTA occurs prior to the Close of Business on December 31, 2014 (i) on account of a termination of the Grantee's employment with LINTA for Cause or (ii) on account of a termination of the Grantee's employment with LINTA by the Grantee without Good Reason, all Options that are not exercisable as of the Close of Business on the date of

Grantee's Separation from LINTA will terminate at that time and all Options that are exercisable as of the Close of Business on the date of the Grantee's Separation from LINTA will terminate at the Close of Business on the first Business Day following the expiration of the 90-day period that began on the date of the Grantee's Separation from LINTA.

(b) If (i) the Grantee's Separation from LINTA does not occur prior to the Close of Business on December 31, 2014, (ii) a Change in Control occurs prior to the Grantee's Separation from LINTA, or (iii) a Change in Control has not then occurred and the Grantee's Separation from LINTA occurs (A) on account of a termination of the Grantee's employment with LINTA without Cause, (B) on account of a termination of the Grantee's employment with LINTA by the Grantee for Good Reason, or (C) by reason of the death or Disability of the Grantee, the Options will terminate at the expiration of the Term.

In any event in which Options remain exercisable for a period of time following the date of the Grantee's Separation from LINTA as provided above, the Options may be exercised during such period of time only to the extent the same were exercisable as provided in Section 3 above (or as provided in Section 6 of the Employment Agreement) on such date of Separation from LINTA. Notwithstanding any period of time referenced in this Section 7.B or any other provision of this Agreement or any other agreement that may be construed to the contrary, the Options will in any event terminate not later than upon the expiration of the Term.

8. Nontransferability. During the Grantee's lifetime, the 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 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 Options will pass by will or the laws of descent and distribution. Following the Grantee's death, the 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. Forfeiture for Misconduct and Repayment of Certain Amounts. If (i) a material restatement of any financial statement of the Company (including any consolidated financial statement of the Company and its consolidated subsidiaries) is required and (ii) in the reasonable judgment of the Committee, (A) such restatement is due to material noncompliance with any financial reporting requirement under applicable securities laws and (B) such noncompliance is a result of misconduct on the part of the Grantee, the Grantee will repay to the Company Forfeitable Benefits received by the Grantee during the Misstatement Period in such amount as the Committee may reasonably determine, taking into account, in addition to any other factors deemed relevant by the Committee, the extent to which the market value of LCAPA

Stock and/or LSTZA Stock during the Misstatement Period was affected by the error(s) giving rise to the need for such restatement. "Forfeitable Benefits" means (i) any and all cash and/or shares of LCAPA Stock and/or LSTZA Stock received by the Grantee (A) upon the exercise during the Misstatement Period of any SARs held by the Grantee or (B) upon the payment during the Misstatement Period of any Cash Award or Performance Award held by the Grantee, the value of which is determined in whole or in part with reference to the value of LCAPA Stock and/or LSTZA Stock, and (ii) any proceeds received by the Grantee from the sale, exchange, transfer or other disposition during the Misstatement Period of any shares of LCAPA Stock and/or LSTZA Stock received by the Grantee upon the exercise, vesting or payment during the Misstatement Period of any Award held by the Grantee. By way of clarification, "Forfeitable Benefits" will not include any shares of LCAPA Stock and/or LSTZA Stock received upon exercise of any Options during the Misstatement Period that are not sold, exchanged, transferred or otherwise disposed of during the Misstatement Period. "Misstatement Period" means the 12-month period beginning on the date of the first public issuance or the filing with the Securities and Exchange Commission, whichever occurs earlier, of the financial statement requiring restatement.

10. **No Stockholder Rights**. Prior to the exercise of 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 have any of the rights of, a stockholder of the Company with respect to any shares of LCAPA Stock or LSTZA Stock underlying the Options, as applicable, nor will the existence of this Agreement affect in any way the right or power of the Company or any stockholder of the Company to accomplish any corporate act, including, without limitation, any reclassification, reorganization or other change of or to its capital or business structure, merger, consolidation, liquidation, or sale or other disposition of all or any part of its business or assets.

11. **Adjustments**. If the outstanding shares of LCAPA Stock and/or LSTZA 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 shares of LCAPA Stock and/or LSTZA Stock, as applicable, or other similar corporate event (including mergers or consolidations other than those which constitute Approved Transactions, which shall be governed by Section 11.3(b) of the Plan) affects shares of LCAPA Stock and/or LSTZA Stock such that an adjustment is required to preserve the benefits or potential benefits intended to be made available under this Agreement, then the Options will be subject to adjustment (including, without limitation, as to the number of Options and the Base Price per share of such Options) in such manner as the Committee, in its sole discretion, deems equitable and appropriate in connection with the occurrence of any of the events described in this Section 11 following the Amendment Effective Date.

12. **Restrictions Imposed by Law.** Without limiting the generality of Section 11.2 of the Plan, the Grantee will not exercise the Options, and the Company will not be obligated to make any cash payment or issue or cause to be issued any shares of LCAPA Stock or LSTZA Stock, as applicable, if counsel to the Company determines that such exercise, payment or issuance 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 shares of LCAPA Stock and/or LSTZA Stock are listed or quoted. The Company will in no event be obligated to take any affirmative action in order to cause the exercise of the Options or the resulting payment of cash or issuance of shares of LCAPA Stock and/or LSTZA Stock to comply with any such law, rule, regulation or agreement.

13. **Notice.** Unless the Company notifies the Grantee in writing of a different procedure, any notice or other communication to the Company with respect to this Agreement will be in writing and will be delivered personally or sent by United States first class mail, postage prepaid and addressed as follows:

Liberty Media Corporation, f/k/a Liberty CapStarz, Inc.
12300 Liberty Boulevard
Englewood, Colorado 80112
Attn: General Counsel

Any notice or other communication to the Grantee with respect to this Agreement will be in writing and will be delivered personally, or will be sent by United States first class mail, postage prepaid, to the Grantee's address as listed in the records of the Company on the date of this Agreement, unless the Company has received written notification from the Grantee of a change of address.

14. **Amendment**. Notwithstanding any other provision hereof, this Agreement may be amended from time to time as approved by the Committee as contemplated in the Plan. Without limiting the generality of the foregoing, without the consent of the Grantee,

(a) this Agreement may be amended 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, or (ii) to add to the covenants and agreements of the Company for the benefit of the 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 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 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 Options 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 Options.

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 to continue in the employ of the Company or interfere in any way with the right of the Company to terminate the Grantee's employment at any time, with or without cause, subject to the provisions of the Employment Agreement.

16. **Nonalienation of Benefits.** Except as provided in Section 8 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. **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.

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.

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

20. **Rules by Committee.** The rights of the 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.

21. **Entire Agreement.** This Agreement, together with the applicable provisions of the Employment Agreement, is in satisfaction of and in lieu of all prior discussions and agreements, oral or written, between the Company and the Grantee regarding the subject matter hereof. The Grantee and the Company hereby declare and represent that no promise or agreement not expressed herein or in the Employment Agreement has been made and that this Agreement, together with the Employment Agreement, contains the entire agreement between the parties hereto with respect to the Award and replaces and makes null and void any prior agreements 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.

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.** To the extent that the provisions of Section 409A of the Code or any Treasury regulations promulgated thereunder are applicable to any Option, the parties intend that this Agreement will meet the requirements of such Code section and regulations and that the provisions hereof will be interpreted in a manner that is consistent with such intent. The Grantee will cooperate with the Company in taking such actions as the Company may reasonably request to assure that this Agreement will meet the requirements of Section 409A of the Code and any Treasury regulations promulgated thereunder and to limit the amount of any additional payments required by Section 10(g) of the Employment Agreement to be made to the Grantee.

[Signature page follows.]

Signature Page to Non-Qualified Stock Option Agreement (Transitional Stock Adjustment Plan) dated effective as of September 23, 2011 between Liberty Media Corporation and Gregory B. Maffei.

LIBERTY MEDIA CORPORATION, f/k/a LIBERTY CAPSTARZ, INC.

By: ________
Name:________
Title:________

Date: April __, 2012

GRANTEE:

____

Gregory B. Maffei
Address: ________

____

SSN:________

Date: April __, 2012

Number of Options Granted:

LCAPA Options	1,353,000
LSTZA Options	760,000

Exhibit A
to
Non-Qualified Stock Option Agreement
dated effective as of September 23, 2011 between Liberty Media Corporation (f/k/a Liberty CapStarz, Inc.) and Grantee

[Copy of Liberty Media Corporation Transitional Stock Adjustment Plan]

Exhibit B
to
Non-Qualified Stock Option Agreement (Transitional Stock Adjustment Plan)
dated effective as of September 23, 2011 between Liberty Media Corporation (f/k/a Liberty CapStarz, Inc.) and Grantee

Designation of Beneficiary

I, ____ (the "Grantee"), hereby declare

that upon my death ____________ (the "Beneficiary") of
Name

,

Street Address City State Zip Code

who is my ______________, will be entitled to the
Relationship to Grantee

Options and all other rights accorded the Grantee by the above-referenced grant agreement (the "Agreement").

It is understood that this Designation of Beneficiary is made pursuant to the Agreement and is subject to the conditions stated herein, including the Beneficiary's survival of the Grantee's death. If any such condition is not satisfied, such rights will devolve according to the Grantee's will or the laws of descent and distribution.

It is further understood that all prior designations of beneficiary under the Agreement are hereby revoked and that this Designation of Beneficiary may only be revoked in writing, signed by the Grantee, and filed with the Company prior to the Grantee's death.

_________ __________

Date Grantee

Please return this form to:

Liberty Media Corporation, f/k/a Liberty CapStarz, Inc.
12300 Liberty Boulevard
Englewood, Colorado 80112
Attn: Carla Williams

EXHIBIT 31.1

CERTIFICATION

I, Gregory B. Maffei, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Media Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and

   d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ GREGORY B. MAFFEI

Gregory B. Maffei
President and Chief Executive Officer

QuickLinks

[EXHIBIT 31.1]

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EXHIBIT 31.2

CERTIFICATION

I, Christopher W. Shean, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Media Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and

   d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ CHRISTOPHER W. SHEAN

Christopher W. Shean
Senior Vice President and Chief Financial Officer

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EXHIBIT 31.2

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Exhibit 32

Certification

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

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

The Quarterly Report on Form 10-Q for the period ended June 30, 2012 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 8, 2012	/s/ GREGORY B. MAFFEI
	Gregory B. Maffei *President and Chief Executive Officer*
Dated: August 8, 2012	/s/ CHRISTOPHER W. SHEAN
	Christopher W. Shean *Senior Vice President and Chief Financial Officer* *(Principal Financial Officer and Principal Accounting Officer)*

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

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Exhibit 32