

SMITH MAURA A
Form 4
June 01, 2010

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
SMITH MAURA A

2. Issuer Name and Ticker or Trading Symbol
INTERNATIONAL PAPER CO /NEW/ [IP]

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
 Director 10% Owner
 Officer (give title below) Other (specify below)
SVP, General Counsel & Sec'y

(Last) (First) (Middle)
C/O INTERNATIONAL PAPER COMPANY, 6400 POPLAR AVENUE

3. Date of Earliest Transaction (Month/Day/Year)
05/28/2010

(Street)
MEMPHIS, TN 38197

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock	05/28/2010		S	10,000 D	\$ 23.5 178,989 ⁽¹⁾	D	
Common Stock					3,519 ⁽¹⁾ ⁽²⁾	I	By SSP

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Transaction (Instr. 5)
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SMITH MAURA A C/O INTERNATIONAL PAPER COMPANY 6400 POPLAR AVENUE MEMPHIS, TN 38197			SVP, General Counsel & Sec'y	

Signatures

/s/ Erin E. Raccah, Attorney-in-Fact for Maura A. Smith 06/01/2010

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Share numbers are rounded.
- (2) Represents shares of International Paper common stock held through the International Paper Salaried Savings Plan ("SSP"). This information is based on a plan statement as April 30, 2010.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. entities (including limited liability companies) unless (1) the successor entity or 35 39 entities, each of which shall be organized under the laws of the United States or a State thereof, shall assume by supplemental indenture all the obligations of Liberty under the debentures and the indenture and (2) immediately after giving effect to the transaction or series of transactions, no default or event of default shall have occurred and be continuing. Thereafter, all such obligations of Liberty shall terminate. EVENTS OF DEFAULT The term "event of default" means any one of the following events with respect to any series of senior debt securities, including the debentures: (1) default in the payment of any interest or distributions on any senior debt security of the series, or any additional amounts payable with respect thereto, when the interest or distributions becomes or the additional amounts become due and payable, and continuance of the default for a period of 30 days; (2) default in the payment of the

principal of or any premium on any senior debt security of the series, or any additional amounts payable with respect thereto, when the principal or premium becomes or the additional amounts become due and payable at their maturity; (3) failure of Liberty to comply with its obligations to deliver cash or reference shares in exchange for debentures as described above under "-- Exchange Option"; (4) failure of Liberty to comply with any of its obligations described above under "-- Successor Corporation"; (5) default in the deposit of any sinking fund payment when and as due by the terms of a senior debt security of the series; (6) default in the performance, or breach, of any covenant or warranty of Liberty in the indenture or the senior debt securities (other than a covenant or warranty a default in the performance or the breach of which is elsewhere in the indenture specifically dealt with or which has been expressly included in the indenture solely for the benefit of a series of senior debt securities other than the relevant series), and continuance of the default or breach for a period of 60 days after there has been given, by registered or certified mail, to Liberty by the trustee or to Liberty and the trustee by the holders of at least 25% in principal amount of the outstanding senior debt securities of the series, a written notice specifying the default or breach and requiring it to be remedied and stating that the notice is a "Notice of Default" under the indenture; (7) if any event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Indebtedness of Liberty, whether the Indebtedness now exists or shall hereafter be created, shall happen and shall result in Indebtedness in aggregate principal amount (or, if applicable, with an issue price and accreted original issue discount) in excess of \$100 million becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, and (i) the acceleration shall not be rescinded or annulled, (ii) such Indebtedness shall not have been paid or (iii) Liberty shall not have contested such acceleration in good faith by appropriate proceedings and have obtained and thereafter maintained a stay of all consequences that would have a material adverse effect on Liberty, in each case within a period of 30 days after there shall have been given, by registered or certified mail, to Liberty by the trustee or to Liberty and the trustee by the holders of at least 25% in principal amount of the outstanding senior debt securities of the series then outstanding, a written notice specifying the default or breaches and requiring it to be remedied and stating that the notice is a "Notice of Default" or other notice as prescribed in the indenture; provided, however, that if after the expiration of such period, such event of default shall be remedied or cured by Liberty or be waived by the holders of such Indebtedness in any manner authorized by such mortgage, indenture or instrument, then the event of default with respect to such series of senior debt securities or by reason thereof shall, without further action by Liberty, the trustee or any holder of senior debt securities of such series, be deemed cured and not continuing; 36 40 (8) the entry by a court having competent jurisdiction of: (A) a decree or order for relief in respect of Liberty or any Material Subsidiary in an involuntary proceeding under any applicable bankruptcy, insolvency, reorganization or other similar law and the decree or order shall remain unstayed and in effect for a period of 60 consecutive days; (B) a decree or order adjudging Liberty or any Material Subsidiary to be insolvent, or approving a petition seeking reorganization, arrangement, adjustment or composition of Liberty or any Material Subsidiary and the decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or (C) a final and non-appealable order appointing a custodian, receiver, liquidator, assignee, trustee or other similar official of Liberty or any Material Subsidiary or of any substantial part of the property of Liberty or any Material Subsidiary or ordering the winding up or liquidation of the affairs of Liberty; (9) the commencement by Liberty or any Material Subsidiary of a voluntary proceeding under any applicable bankruptcy, insolvency, reorganization or other similar law or of a voluntary proceeding seeking to be adjudicated insolvent or the consent by Liberty or any Material Subsidiary to the entry of a decree or order for relief in an involuntary proceeding under any applicable bankruptcy, insolvency, reorganization or other similar law or to the commencement of any insolvency proceedings against it, or the filing by Liberty or any Material Subsidiary of a petition or answer or consent seeking reorganization or relief under any applicable law, or the consent by Liberty or any Material Subsidiary to the filing of the petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee or similar official of Liberty or any Material Subsidiary or any substantial part of the property of Liberty or any Material Subsidiary or the making by Liberty or any Material Subsidiary of an assignment for the benefit of creditors, or the taking of corporate action by Liberty or any Material Subsidiary in furtherance of any such action; or (10) any other event of default provided in or pursuant to the indenture with respect to senior debt securities of the series. If an event of default with respect to senior debt securities of any series at the time outstanding (other than an event of default specified in clause (8) or (9) above) occurs and is continuing, then the trustee or the holders of not less than 25% in principal amount of the outstanding senior debt securities of the series may declare the principal of all the senior debt securities of the series,

or such lesser amount as may be provided for in the senior debt securities of the series, to be due and payable immediately, by a notice in writing to Liberty (and to the trustee if given by the holders), and upon any declaration the principal or such lesser amount shall become immediately due and payable. If an event of default specified in clause (8) or (9) above occurs, all unpaid principal of and accrued interest on the outstanding senior debt securities of that series (or such lesser amount as may be provided for in the senior debt securities of the series) shall become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder of any senior debt security of that series. At any time after a declaration of acceleration or automatic acceleration with respect to the senior debt securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of not less than a majority in principal amount of the outstanding senior debt securities of the series, by written notice to Liberty and the trustee, may rescind and annul the declaration and its consequences if: (1) Liberty has paid or deposited with the trustee a sum of money sufficient to pay all overdue installments of any interest and distributions on all senior debt securities of the series and additional amounts payable with respect thereto and the principal of and any premium on any senior debt securities of the series which have become due otherwise than by the declaration of acceleration and interest on the senior debt securities; and 37 41 (2) all events of default with respect to senior debt securities of the series, other than the non-payment of the principal of, any premium, interest and distributions on, and any additional amounts with respect to senior debt securities of the series which shall have become due solely by the acceleration, shall have been cured or waived. No rescission shall affect any subsequent default or impair any right consequent thereon. CERTAIN DEFINITIONS The following are certain of the terms defined in the indenture and used under "-- Certain Covenants" above: "Attributable Debt" in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with generally accepted accounting principles. "Capitalized Lease Obligation" of any person means any obligation of such person to pay rent or other amounts under a lease with respect to any property (whether real, personal or mixed) acquired or leased by such person and used in its business that is required to be accounted for as a liability on the balance sheet of such person in accordance with generally accepted accounting principles and the amount of such Capitalized Lease Obligation shall be the amount so required to be accounted for as a liability. "Closing Price" means, with respect to any security on any date of determination, the closing sale price (or, if no closing sale price is reported, the last reported sale price) of such security on the NYSE on such date or, if such security is not listed for trading on the NYSE on such date, as reported in the composite transactions (or comparable system) for the principal United States national or regional securities exchange on which such security is so listed or a recognized international securities exchange, or, if such security is not listed on a U.S. national or regional securities exchange or on a recognized international securities exchange, as reported by the Nasdaq Stock Market, or, if such security is not so reported, the last quoted bid price for such security in the over-the-counter market as reported by the National Quotation Bureau or similar organization, or, if such bid price is not available, the market value of such security on such date as determined by a nationally recognized independent investment banking firm retained for this purpose by Liberty; provided that, (1) with respect to options, warrants and other rights to purchase Marketable Securities, the Closing Price shall be the value based on the Closing Price of the underlying Marketable Security minus the exercise price and (2) with respect to securities exchangeable for or convertible into Marketable Securities, the Closing Price shall be the Closing Price of the exchangeable or convertible security or, if it has no Closing Price, the fully converted value based upon the Closing Price of the underlying Marketable Security. "Consolidated Asset Value" shall mean, with respect to any date of determination, the sum of: (A) the amount of cash of Liberty and its Restricted Subsidiaries on the last day of the preceding month, plus the following assets owned by Liberty and its Restricted Subsidiaries on the last day of the preceding month that have the indicated ratings and maturities no greater than 270 days: - the aggregate principal amount of certificates of deposit and bankers' acceptances rated A/2 or P/2 or higher by the Rating Agencies, - the aggregate principal amount of participations in loans with obligors with short-term ratings of A/2 or P/2 or higher by the Rating Agencies or long-term ratings of Baa1 or BBB+ or higher by the Rating Agencies, 38 42 - the aggregate principal amount of repurchase agreements of securities issued by the U.S. government or any agency thereof with counterparties with short-term ratings of A/2 or P/2 or higher by the Rating Agencies or long-term ratings of Baa1 or BBB+ or higher by the Rating Agencies, and - the aggregate principal

amount at maturity of commercial paper rated A/2 or P/2 or higher by the Rating Agencies, (B) the aggregate value of all Marketable Securities owned by Liberty and its Restricted Subsidiaries based upon the Closing Price of each Marketable Security on the last day of the preceding month, or if such day is not a Trading Day, on the immediately preceding Trading Day, and (C) the arithmetic mean of the aggregate market values (or the midpoint of a range of values) of the assets of Liberty and its Restricted Subsidiaries having a value in excess of \$200 million, other than the assets referred to in clauses (A) and (B) above, as of a date within 90 days of the date of determination (or to the extent the research reports referred to below have not been issued within such 90-day period, as of a date within 180 days of the date of determination) as evidenced either: - by research reports issued by three nationally recognized independent investment banking firms selected by Liberty or - if three such research reports have not been issued within 180 days prior to the date of determination, by an appraisal by two nationally recognized independent investment banking or appraisal firms retained by Liberty for this purpose. "Fair market value" means, with respect to any asset or property, the price which could be negotiated in an arm's-length transaction, for cash, between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy. Fair market value shall be determined by the Board of Directors of Liberty acting in good faith evidenced by a board resolution thereof delivered to the trustee. "Funded Indebtedness" of any person means, as of the date as of which the amount thereof is to be determined, without duplication, all Indebtedness of such person and all Capitalized Lease Obligations of such person, which by the terms thereof have a final maturity, duration or payment date more than one year from the date of determination thereof (including, without limitation, any balance of such Indebtedness or obligation which was Funded Indebtedness at the time of its creation maturing within one year from such date of determination) or which has a final maturity, duration or payment date within one year from such date of determination but which by its terms may be renewed or extended at the option of such person for more than one year from such date of determination, whether or not theretofore renewed or extended; provided, however, that "Funded Indebtedness" shall not include (1) any Indebtedness of Liberty or any Subsidiary to Liberty or another Subsidiary, (2) any guarantee by Liberty or any Subsidiary of Indebtedness of Liberty or another Subsidiary, provided that such guarantee is not secured by a Lien on any Principal Property, (3) any guarantee by Liberty or any Subsidiary of the Indebtedness of any person (including, without limitation, a business trust), if the obligation of Liberty or such Subsidiary under such guaranty is limited in amount to the amount of funds held by or on behalf of such person that are available for the payment of such Indebtedness, (4) liabilities under interest rate swap, exchange, collar or cap agreements and all other agreements or arrangements designed to protect against fluctuations in interest rates or currency exchange rates, and (5) liabilities under commodity hedge, commodity swap, exchange, collar or cap agreements, fixed price agreements and all other agreements or arrangements designed to protect against fluctuations in prices. For purposes of determining the outstanding principal amount of Funded Indebtedness at any date, the amount of Indebtedness issued at a price less than the principal amount at maturity thereof shall be equal to the amount of the liability in respect thereof at such date determined in accordance with generally accepted accounting principles. 39 43 "Indebtedness" of any person means: (1) any indebtedness of such person (i) for borrowed money or (ii) evidenced by a note, debenture or similar instrument (including a purchase money obligation) given in connection with the acquisition of any property or assets, including securities; (2) any guarantee by such person of any indebtedness of others described in the preceding clause (1); and (3) any amendment, renewal, extension or refunding of any such indebtedness or guarantee. "Liberty" means Liberty Media Corporation, a Delaware corporation, until a successor replaces it pursuant to the applicable provisions of the indenture and thereafter means the successor. "Lien" means any mortgage, pledge, lien, security interest, or other similar encumbrance. "Marketable Securities" means any securities listed on a U.S. national securities exchange or reported by the Nasdaq Stock Market or listed on a recognized international securities exchange or traded in the over-the-counter market and quoted by at least two broker-dealers as reported by the National Quotation Bureau or similar organization, including as Marketable Securities options, warrants and other rights to purchase, and securities exchangeable for or convertible into, Marketable Securities. "Material Subsidiary" means, at any relevant time, any Subsidiary that meets any of the following conditions: (1) Liberty's and its other Subsidiaries' investments in and advances to the Subsidiary exceed 10% of the total consolidated assets of Liberty and its Subsidiaries; or (2) Liberty's and its other Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Subsidiary exceeds 10% of the total consolidated assets of Liberty and its Subsidiaries; or (3) Liberty's and its other Subsidiaries' proportionate share of the total revenues (after intercompany eliminations) of the Subsidiary exceeds 10% of the total consolidated revenue

of Liberty and its Subsidiaries; or (4) Liberty's and its other Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Subsidiary exceeds 10% of such income of Liberty and its Subsidiaries; all as calculated by reference to the then latest fiscal year-end accounts (or consolidated fiscal year-end accounts, as the case may be) of such Subsidiary and the then latest audited consolidated fiscal year-end accounts of Liberty and its Subsidiaries. Based on the 1998 fiscal year-end accounts, as of the date of this prospectus, the only Material Subsidiary of Liberty is Starz Encore Group LLC. "Nasdaq Stock Market" means The Nasdaq Stock Market, a subsidiary of the National Association of Securities Dealers, Inc. "Principal Property" means, as of any date of determination, (a) any cable system or manufacturing or production facility, including land and buildings and other improvements thereon and equipment located therein, owned by Liberty or a Restricted Subsidiary and used in the ordinary course of its business and (b) any executive offices, administrative buildings, and research and development facilities, including land and buildings and other improvements thereon and equipment located therein, of Liberty or a Restricted Subsidiary, other than any such property which, in the good faith opinion of the Board of Directors, is not of material importance to the business conducted by Liberty and its Restricted Subsidiaries taken as a whole. "Rating Agencies" means (i) Standard & Poor's, a division of The McGraw-Hill Companies, Inc. and (ii) Moody's Investors Service, Inc. and (iii) if S&P or Moody's or both shall not make a rating publicly available, a nationally recognized United States securities rating agency or agencies, as the case may be, selected by Liberty, which shall be substituted for S&P or Moody's or both, as the case may be. 40 44 "Restricted Subsidiary" means, as of any date of determination, a corporation a majority of whose voting stock is owned by Liberty and/or one or more Restricted Subsidiaries, which corporation has been, or is then being, designated a Restricted Subsidiary in accordance with the "Designation of Restricted Subsidiaries" covenant, unless and until designated an Unrestricted Subsidiary in accordance with such covenant. "Sale and Leaseback Transaction" means any arrangement providing for the leasing to Liberty or a Restricted Subsidiary of any Principal Property (except for temporary leases for a term, including renewals, of not more than three years) which has been or is to be sold by Liberty or such Restricted Subsidiary to the lessor. "Subsidiary" means any corporation, association, limited liability company, partnership or other business entity of which a majority of the total voting power of the capital stock or other interests (including partnership interests) entitled (without regard to the incurrence of a contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned, directly or indirectly, by (i) Liberty, (ii) Liberty and one or more of its Subsidiaries or (iii) one or more Subsidiaries of Liberty. "Trading Day" means, with respect to any security the Closing Price of which is being determined, a day on which there is trading on the principal United States national or regional securities exchange or recognized international securities exchange, in the Nasdaq Stock Market or in the over-the-counter market used to determine such Closing Price. "Unrestricted Subsidiary" means, as of any date of determination, any Subsidiary of Liberty that is not a Restricted Subsidiary. MODIFICATION AND WAIVER Modification and amendments of the indenture may be made by Liberty and the trustee with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding senior debt securities of each series affected thereby; provided, however, that no modification or amendment may, without the consent of the holder of each outstanding senior debt security affected thereby, (1) change the stated maturity of the principal of, or any premium or installment of interest or distributions on, or any additional amounts with respect to, any senior debt security; (2) reduce the principal amount of, or the rate (or modify the calculation of the rate) of interest or distributions on, or any additional amounts with respect to, or any premium payable upon the redemption of, any senior debt security; (3) change the redemption provisions of any senior debt security or adversely affect the right of repayment at the option of any holder of any senior debt security; (4) change the place of payment or the coin or currency in which the principal of, any premium or installment of interest or distributions on, or any additional amounts with respect to, any senior debt security is payable; (5) impair the right to institute suit for the enforcement of any payment on or after the stated maturity of any senior debt security (or, in the case of redemption, on or after the redemption date or, in the case of repayment at the option of any holder, on or after the date for repayment); (6) reduce the percentage in principal amount of the outstanding senior debt securities, the consent of whose holders is required in order to take certain actions; (7) reduce the requirements for quorum or voting by holders of senior debt securities as provided in the indenture; (8) modify any of the provisions in the indenture regarding the waiver of past defaults and the waiver of certain covenants by the holders of senior debt securities except to increase any percentage 41 45 vote required or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each senior debt security affected

thereby; (9) reduce the amount of cash or reference shares deliverable upon exchange of the debentures; or (10) modify any of the above provisions. The holders of at least a majority in aggregate principal amount of the senior debt securities of any series may, on behalf of the holders of all senior debt securities of the series, waive compliance by Liberty with certain restrictive provisions of the indenture. The holders of not less than a majority in aggregate principal amount of the outstanding senior debt securities of any series may, on behalf of the holders of all senior debt securities of the series, waive any past default and its consequences under the indenture with respect to the senior debt securities of the series, except a default - in the payment of principal (or premium, if any), or any interest or distributions on, or any additional amounts with respect to, senior debt securities of the series, or - in respect of a covenant or provision of the indenture that cannot be modified or amended without the consent of the holder of each senior debt security of any series. Under the indenture, Liberty is required to furnish the trustee annually a statement as to performance by Liberty of certain of its obligations under the indenture and as to any default in the performance. Liberty is also required to deliver to the trustee, within five calendar days after becoming aware thereof, written notice of any event of default or any event which after notice or lapse of time or both would constitute an event of default.

GOVERNING LAW The indenture and the debentures will be governed by, and construed in accordance with, the laws of the State of New York. **REGARDING THE TRUSTEE** The trustee is permitted to engage in other transactions with Liberty and its subsidiaries from time to time, provided that if the trustee acquires any conflicting interest it must eliminate the conflict upon the occurrence of an event of default, or else resign. 42 46 **SUMMARY OF REGISTRATION RIGHTS OF SELLING SECURITY HOLDERS** We entered into a registration rights agreement with the initial purchaser of the debentures, pursuant to which we filed with the SEC and caused to become effective a shelf registration statement of which this prospectus is a part. Pursuant to the registration rights agreement, we are required to: - use our reasonable best efforts to keep effective the shelf registration statement until two years after the issue date or until all of the debentures covered by the shelf registration statement have been sold, exchanged or redeemed or otherwise cease to be outstanding; and - use our reasonable best efforts to ensure that: - the shelf registration statement and any amendment thereto and any prospectus included therein comply in all material respects with the Securities Act; and - the shelf registration statement and any amendment thereto and any prospectus included therein do not, when the shelf registration statement or any amendment becomes effective, contain an untrue statement of a material fact. If the shelf registration statement is unusable by the holders for any reason for more than 30 days in the aggregate in any consecutive 12-month period, then the interest rate borne by the debentures will be increased by 0.25% per annum of the principal amount of the debentures for the first 90-day period (or portion thereof) beginning on the 31st day that the shelf registration statement ceased to be usable. This interest rate will be increased by an additional 0.25% per annum of the principal amount of the debentures at the beginning of each subsequent 90-day period, provided that the maximum aggregate increase in the interest rate will in no event exceed one percent (1%) per annum. Upon the shelf registration statement once again becoming usable, the interest rate borne by the debentures will be reduced to the original interest rate. Additional interest shall be computed based on the actual number of days elapsed in each 90-day period in which the shelf registration statement is unusable. Liberty shall notify the trustee within three business days of an event date, which is each and every date on which an event occurs in respect of which additional interest is required to be paid. Additional interest shall be paid by depositing with the trustee, in trust, for the benefit of the holders of the debentures, on or before the applicable semiannual interest payment date, immediately available funds in sums sufficient to pay the additional interest then due. The additional interest due shall be payable on each interest payment date to the record holder of debentures entitled to receive the interest payment to be paid on such date as set forth in the indenture. Each obligation to pay additional interest shall be deemed to accrue from and including the date following the applicable event date. The registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus forms a part, and we refer you to the registration rights agreement for a complete description of its terms. See "Where to Find More Information." The registration rights agreement requires us to pay substantially all of the expenses incident to the registration, offering, and sale of the debentures to the public, other than commissions, concessions and discounts of underwriters, dealers or agents, but including the fees and disbursements of one counsel for the selling security holders. We have agreed to indemnify the selling security holders and any underwriters they may use against certain civil liabilities, including liabilities under the Securities Act. 43 47 **CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS** The following is a summary of the material United States federal income tax consequences of the acquisition, ownership and disposition of the debentures and of the Motorola stock for which the debentures may be exchanged. This summary is

based upon the United States Internal Revenue Code of 1986, as amended (which we refer to as the "Code"), administrative pronouncements, judicial decisions, and existing and proposed Treasury Regulations, changes to any of which subsequent to the date of this prospectus may affect the tax consequences described in this prospectus, possibly with retroactive effect. This summary deals only with holders that will hold the debentures and Motorola stock for which the debentures may be exchanged as "capital assets" within the meaning of Section 1221 of the Code, and does not address tax considerations applicable to holders that may be subject to special tax rules, such as dealers or traders in securities, financial institutions, tax-exempt entities, holders that hold the debentures as a part of a hedging, straddle, conversion or other integrated transaction, or U.S. Holders (as defined below) whose functional currency is not the United States dollar. The following summary assumes that the reference shares received upon maturity, exchange or redemption of the debentures will consist of Motorola stock. THE DISCUSSION SET OUT BELOW IS INTENDED ONLY AS A SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE DEBENTURES. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF AN INVESTMENT IN THE DEBENTURES, INCLUDING THE APPLICATION TO THEIR PARTICULAR SITUATIONS OF THE TAX CONSIDERATIONS DISCUSSED BELOW, AS WELL AS THE APPLICATION OF STATE, LOCAL OR FOREIGN TAX LAWS. "U.S. Holder" means a beneficial owner of the debentures or Motorola stock, as the case may be, that is, for United States federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation, partnership, or other entity created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) in general, a trust which is subject to the primary supervision of a United States court and the control of one or more United States fiduciaries. "Non-U.S. Holder" means any holder of the debentures or Motorola stock, as the case may be, that is not a U.S. Holder. TAX CONSEQUENCES TO U.S. HOLDERS Interest Accrual on the Debentures. For United States federal income tax purposes, the debentures will be subject to Treasury Regulations relating to contingent payment debt instruments (which we refer to as the contingent payment debt regulations). Under the contingent payment debt regulations, a U.S. Holder will be required to accrue interest income on the debentures (in amounts described in the next paragraph) regardless of whether such U.S. Holder uses the cash or accrual method of tax accounting. As a result, a U.S. Holder will be required to include interest in taxable income each year in excess of the semi-annual interest payments received in that year. Under the contingent payment debt regulations, for each accrual period prior to and including the maturity date of the debentures, the amount of interest that accrues, as original issue discount, on a debenture equals the product of (a) the adjusted issue price (as defined below) as of the beginning of the accrual period and (b) the comparable yield (as defined below) (adjusted for the length of the accrual period). This amount is ratably allocated to each day in the accrual period and is includable as ordinary interest income by a U.S. Holder for each day in the accrual period on which the U.S. Holder holds the debentures. The "adjusted issue price" means the issue price of the debenture, which is \$1,000, increased by any interest previously accrued (determined without regard to any adjustments to interest accruals described below) and decreased by the amount of any projected payments (as defined below) with respect to the debenture. The "comparable yield" means the annual yield we would pay, as of the issue date, on a fixed-rate debt security with no exchange right or other contingent payments but with terms and conditions otherwise comparable to those of the debentures. Amounts treated as interest under the contingent payment debt regulations are treated as original issue discount for all purposes of the Code. 44 48 We have determined that the comparable yield is 9.5%, compounded semi-annually. Under the contingent payment debt regulations, we are required, solely for United States federal income tax purposes, to provide a schedule of the projected amounts of payments (which we refer to as projected payments) on the debentures. This schedule must produce the comparable yield. Based on our determination of the comparable yield, the schedule of projected payments (assuming a principal amount of \$1,000 and an issue price of \$1,000, and with respect to each integral multiple thereof) consists of (a) a payment of stated interest equal to \$17.89 on July 15, 2001, (b) payments of stated interest equal to \$17.50 on all subsequent semi-annual interest payment dates (including the maturity date) and (c) a payment of a projected amount at the maturity date of the debentures (excluding the stated semi-annual interest on the debentures payable on such date) equal to \$10,603.87. For United States federal income tax purposes, a U.S. Holder is required to use the comparable yield and the schedule of projected payments in determining its interest accruals and adjustments thereof in respect of the debentures, unless such U.S. Holder timely discloses and justifies the use of other estimates to the IRS. THE COMPARABLE YIELD

AND THE SCHEDULE OF PROJECTED PAYMENTS ARE NOT PROVIDED FOR ANY PURPOSE OTHER THAN THE DETERMINATION OF HOLDERS' INTEREST ACCRUALS AND ADJUSTMENTS THEREOF IN RESPECT OF THE DEBENTURES FOR UNITED STATES FEDERAL INCOME TAX PURPOSES AND DO NOT CONSTITUTE A PROJECTION OR REPRESENTATION REGARDING THE ACTUAL AMOUNTS PAYABLE ON THE DEBENTURES. Adjustments to Interest Accruals. If, during any taxable year, the sum of any actual payments with respect to the debentures for that taxable year (including excess regular cash dividend amounts, extraordinary distributions and, in the case of the taxable year which includes the maturity date of the debentures, the fair market value of any Motorola stock received by such holder, plus the fair market value of any other property received, plus the amount of cash received) exceeds the total amount of projected payments for that taxable year, the difference will produce a "net positive adjustment" under the contingent payment debt regulations, which will be treated as additional interest for the taxable year. For this purpose, the payments in a taxable year include the fair market value of property received in that year. If the actual amount received in a taxable year is less than the amount of projected payments for that taxable year, the difference will produce a "net negative adjustment" under the contingent payment debt regulations, which will (a) reduce the U.S. Holder's interest income on the debentures for that taxable year and (b) to the extent of any excess after the application of (a), give rise to an ordinary loss to the extent of the U.S. Holder's interest income on the debentures during prior taxable years (reduced to the extent such interest was offset by prior net negative adjustments). Sale or Exchange of the Debentures. Upon the sale, exchange or retirement of the debentures (including, for instance, an exchange at the U.S. Holder's option for Motorola stock or the redemption of the debentures by us) prior to the maturity date, the U.S. Holder will recognize gain or loss equal to the difference between the amount realized and the U.S. Holder's adjusted basis. A U.S. holder will be treated as receiving an amount equal to the fair market value of any Motorola stock received, plus the fair market value of any other property received, plus the amount of any cash received. The adjusted basis will be the U.S. Holder's original basis in the debentures, increased by the interest income previously included by the U.S. Holder with respect to the debentures (determined without regard to any adjustments to interest accruals described in the preceding paragraph) and decreased by the projected amount of all prior payments with respect to the debentures. (See below under Purchase for Premium or Discount for additional adjustments made with respect to U.S. Holders who did not purchase debentures in the initial offering.) Any gain upon sale or exchange of the debentures will be ordinary interest income; any loss will be ordinary loss to the extent of the interest previously included in income by the U.S. Holder with respect to the debentures, and thereafter, capital loss. The distinction between capital loss and ordinary loss is potentially significant in several respects. For example, limitations apply to a U.S. Holder's ability to offset capital losses against ordinary income. Purchase for Premium or Discount. A purchase of a debenture by a U.S. Holder will cause the new U.S. Holder to have a basis in the debenture equal to the amount paid for the debenture. A U.S. Holder is required to reasonably allocate any difference between the adjusted issue price of the debenture and such U.S. Holder's basis in the debenture to daily portions of interest or projected payments over the remaining 45 49 term of debenture. If such basis in the debenture exceeds the debenture's adjusted issue price, the amount of the difference allocated to a daily portion of interest or to a projected payment is treated as a negative adjustment on the date the daily portion accrues or the payment is made. On the date of the adjustment, the U.S. Holder's adjusted basis in the debenture is reduced by the amount the U.S. Holder so treats as a negative adjustment. If the new U.S. Holder's basis in the debenture is less than the debenture's adjusted issue price, the amount of the difference allocated to a daily portion of interest or to a projected payment is treated as a positive adjustment on the date the daily portion accrues or the payment is made. On the date of the adjustment, the U.S. Holder's adjusted basis in the debenture is increased by the amount the U.S. Holder so treats as a positive adjustment. Distributions on Motorola Stock. The gross amount of any distribution made by Motorola to a U.S. Holder with respect to the Motorola stock generally will be includable in the income of a U.S. Holder as dividend income to the extent that such distribution is paid out of Motorola's current or accumulated earnings and profits as determined under U.S. federal income tax principles. Subject to certain limitations, United States corporations holding Motorola stock that receive dividends thereon generally will be eligible for a dividends-received deduction equal to 70% of the dividends received. If the amount of any distribution exceeds Motorola's current and accumulated earnings and profits as so computed, such excess first will be treated as a tax-free return of capital to the extent of the U.S. Holder's tax basis in its Motorola stock, and thereafter as gain from the sale or exchange of property. Dispositions of Motorola Stock. A U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes on the sale or disposition of Motorola stock in an amount equal to the difference

between the amount realized on the sale or other disposition and the U.S. Holder's tax basis in the Motorola stock. Any such gain or loss will be long-term gain or loss if the U.S. Holder held the Motorola stock for more than one year. A U.S. Holder that received Motorola stock from Liberty in a disposition of a debenture either on or before the maturity date will have a basis in that Motorola stock equal to that stock's fair market value on the date of such disposition of the debenture. Additionally, the U.S. Holder's holding period in the Motorola stock will begin the day after such disposition of the debenture. Backup Withholding. Certain noncorporate U.S. Holders may be subject to backup withholding at a rate of 31% on payments of principal and interest (including original issue discount) on, or the proceeds of disposition of, the debentures and dividends on the Motorola stock. Backup withholding will apply only if the U.S. Holder (a) fails to furnish its Taxpayer Identification Number (which we refer to as TIN) which, for an individual, is his or her Social Security number, (b) furnishes an incorrect TIN, (c) is notified by the IRS that it has failed to properly report payments of interest and dividends or (d) under certain circumstances, fails to certify, under penalties of perjury, that it has furnished a correct TIN and has not been notified by the IRS that it is subject to backup withholding for failure to report interest and dividend payments. U.S. Holders should consult their tax advisors regarding their qualification for exemption from backup withholding and the procedure for obtaining such an exemption if applicable. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such U.S. Holder's United States federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is furnished to the IRS. TAX CONSEQUENCES TO NON-U.S. HOLDERS Withholding. Under present United States federal income tax law, and subject to the discussion below concerning backup withholding, payments of principal and interest (including original issue discount) on the debentures by us or any paying agent to any Non-U.S. Holder, and gain realized on the sale or exchange of the debentures or Motorola stock by a Non-U.S. Holder, will be exempt from United States federal income or withholding tax, provided that: - such Non-U.S. Holder does not own, actually or constructively, 10 percent or more of the total combined voting power of all classes of our stock entitled to vote, is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership, and is not a bank receiving interest described in Section 881(c)(3)(A) of the Code; 46 50 - the statement requirement set forth in Section 871(h) or Section 881(c) of the Code has been fulfilled with respect to the beneficial owner, as discussed below; - such Non-U.S. Holder is not an individual who is present in the United States for 183 days or more in the taxable year of disposition or who is subject to special rules applicable to former citizens and residents of the United States; - such payments and gain are not effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States; and - the Motorola stock continues to be actively traded within the meaning of Section 871(h)(4)(C)(v)(I) of the Code (which, for these purposes and subject to certain exceptions, includes trading on the NYSE). The statement requirement referred to in the preceding paragraph will be fulfilled if the beneficial owner of a debenture certifies on an appropriate form (generally IRS Form W-8BEN), under penalties of perjury, that it is not a United States person and provides its name and address, and (a) the beneficial owner files that form with the withholding agent or (b) a securities clearing organization, bank or other financial institution holding customers' securities in the ordinary course of its trade or business holds the debentures on behalf of the beneficial owner, files with the withholding agent a statement that it has received the Form W-8BEN from the beneficial owner and furnishes the withholding agent with a copy thereof. With respect to any debentures held by a foreign partnership, unless the foreign partnership has entered into a withholding agreement with the IRS, each partner that is a Non-U.S. Holder will be required to supply this certification in order to avoid withholding with respect to such partner's share of interest (including original issue discount) and disposition proceeds paid with respect to the debentures to the foreign partnership. Distributions by Motorola with respect to Motorola stock that are treated as dividends paid, as described above under "-- Tax Consequences to U.S. Holders -- Distributions on Motorola Stock," to a Non-U.S. Holder (excluding dividends that are effectively connected with the conduct of a trade or business in the United States by such Holder and are taxable as described below) will be subject to United States federal withholding tax at a 30% rate (or lower rate provided under any applicable income tax treaty). If a Non-U.S. Holder of the debentures or Motorola stock is engaged in a trade or business in the United States, and if interest on the debentures, dividends on the Motorola stock, or gain from the sale or exchange of the debentures or Motorola stock are effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed in the preceding paragraphs, will generally be subject to regular United States federal income tax on such interest, dividends, or gain realized on the sale or exchange of the debentures or Motorola stock in the same manner as if it were a U.S. Holder. In lieu of the

certificate described in the preceding paragraph, such a Non-U.S. Holder will be required to provide to the withholding agent a properly executed IRS Form W-8ECI (or successor form) in order to claim an exemption from withholding tax. In addition, if such a Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. Backup Withholding and Information Reporting. Backup withholding (at the rate of 31%) will not apply to payments made by us or a paying agent on the debentures or Motorola stock if the certifications required by Sections 871(h) or 881(c) are received, provided in each case that we or such paying agent, as the case may be, do not have actual knowledge and do not have reason to know that the payee is a United States person. Non-U.S. Holders of the debentures and Motorola stock should consult their tax advisors regarding the application of information reporting and backup withholding in their particular situations, the availability of an exemption therefrom, and the procedure for obtaining such an exemption, if available. Any amounts withheld from a payment to a Non-U.S. Holder under the backup withholding rules will be allowed as a credit against such Non-U.S. Holder's United States federal income tax liability and may entitle such Non-U.S. Holder to a refund, provided that the required information is furnished to the IRS.

47 51 PLAN OF DISTRIBUTION We will not receive any of the proceeds from sales of debentures by selling security holders. The debentures may be sold from time to time: - directly by any selling holder to one or more purchasers; - to or through underwriters, brokers or dealers; - through agents on a best-efforts basis or otherwise; or - through a combination of such methods of sale. If debentures are sold through underwriters, brokers and dealers, the selling security holder will be responsible for underwriting discounts or agent's commissions. The debentures may be sold: - in one or more transactions at a fixed price or prices, which may be changed; - at prevailing market prices at the time of sale or at prices related to such prevailing prices; - at varying prices determined at the time of sale; or - at negotiated prices. Such sales may be effected in transactions (which may involve crosses or block transactions): - on any national securities exchange or quotation service on which the debentures may be listed or quoted at the time of sale; - in the over-the-counter market; - in transactions otherwise than on such exchanges or services or in the over-the-counter market; or - through the writing of options. In connection with the sale of the debentures, any selling security holder may: - enter into hedging transactions with brokers, dealers or others, which may in turn engage in short sales of the debentures in the course of hedging the positions they assume; - sell short or deliver debentures to close out such short positions; or - loan or pledge debentures to brokers, dealers or others that may in turn sell such securities. Any selling security holder may pledge or grant a security interest in some or all of the debentures owned by it, and if it defaults in the performance of its secured obligations, the pledgees or secured party may sell from time to time the pledged debentures pursuant to the registration statement of which this prospectus is a part. The selling security holders may also transfer and donate debentures in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling security holders for purposes of this prospectus. Underwriters, brokers, dealers and agents may receive compensation in the form of underwriting discounts, concessions or commissions from the selling security holders or the purchaser of debentures for whom they may act as agent. The selling security holders and any underwriters, dealers or agents that participate in the distribution of debentures may be deemed to be "underwriters" within the meaning of the Securities Act, and any profit on the sale of debentures by them and any discounts, commissions or concessions received by them might be deemed to be underwriting discounts and commissions under the Securities Act.

48 52 There is currently no active trading market for the debentures. We do not presently intend to list the debentures on any stock exchange. Therefore, any trading with respect to the debentures is expected to occur in over-the-counter markets. At the time a particular offering or sale of debentures is made, a prospectus supplement, if required, will be distributed which will set forth the aggregate amount of debentures offered or sold and the terms of the offering or sale, including the name or names of any underwriters, dealers or agents, any discounts, commissions and other terms constituting compensation from the selling security holders and any discounts, commissions or concessions allowed or reallocated or paid to dealers. To comply with the securities laws of certain jurisdictions, if applicable, the debentures can be offered or sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain jurisdictions the debentures may not be offered or sold unless they have been registered or qualified for sale in such jurisdictions or an exemption from registration or qualification is available and is complied with. There is no assurance that the selling security holders will sell any of the debentures. In addition, any debentures covered by this prospectus which qualify for sale pursuant to Rule 144 or Rule 144A under the Securities Act may be sold pursuant to Rule 144 or Rule 144A rather than pursuant to this prospectus.

LEGAL MATTERS The

validity of the debentures will be passed upon for us by Baker Botts L.L.P., New York, New York. EXPERTS The consolidated balance sheets of Liberty Media Corporation and subsidiaries ("New Liberty or Successor") as of December 31, 2000 and 1999, and the related consolidated statements of operations and comprehensive earnings, stockholder's equity, and cash flows for the year ended December 31, 2000 and for the period from March 1, 1999 to December 31, 1999 (Successor periods) and from January 1, 1999 to February 28, 1999 and for the year ended December 31, 1998 (Predecessor periods) have been incorporated by reference herein in reliance upon the report, dated February 26, 2001, except as to notes 1 and 2, which are as of May 7, 2001, of KPMG LLP, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing. In addition the KPMG LLP report contains an explanatory paragraph and states that effective March 9, 1999, AT&T Corp., the former parent company of New Liberty, acquired Tele-Communications, Inc., the former parent company of Old Liberty, in a business combination accounted for as a purchase. As a result of the acquisition, the consolidated financial information for the periods after the acquisition is presented on a different cost basis than that for the periods before the acquisition and, therefore, is not comparable. The consolidated financial statements of Teligent, Inc. as of December 31, 2000 and 1999 and for each of the three years in the period ended December 31, 2000 and the related financial statement schedule included in Teligent Inc.'s Annual Report (Form 10-K/A) for the year ended December 31, 2000 and incorporated by reference in this prospectus and registration statement, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference (which report contains explanatory paragraphs describing conditions that raise substantial doubt about Teligent, Inc.'s ability to continue as a going concern as more fully described in Note 1 to the consolidated financial statements, and the restatement of the December 31, 2000 consolidated balance sheet to reflect the classification of Teligent, Inc.'s outstanding debt from a long-term liability to a current liability). Such consolidated financial statements are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

49 53 WHERE TO FIND MORE INFORMATION We have filed with the SEC a registration statement on Form S-3 under the Securities Act with respect to the debentures that may be sold by this prospectus. This prospectus, which forms a part of the registration statement, does not contain all the information included in the registration statement. You should refer to the registration statement, including its exhibits and schedules, for further information about us or the debentures that may be sold by this prospectus. Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete, and, where any contract or other document is an exhibit to the registration statement, we refer you to that exhibit for a more complete description of the matter involved. The SEC allows us to "incorporate by reference" information into this document, which means that we can disclose important information to you by referring you to other documents. The information incorporated by reference is an important part of this prospectus, and is deemed to be part of this document except for any information superceded by this document or any other document incorporated by reference in this document. We incorporate by reference the documents listed below and any future filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934: - Annual Report on Form 10-K for the year ended December 31, 2000, filed on March 28, 2001, as amended by the Annual Report on Form 10-K/A for the year ended December 31, 2000, filed on June 12, 2001. - Quarterly Report on Form 10-Q for the three-month period ending March 31, 2001, filed on May 14, 2001, as amended by the Quarterly Report on Form 10-Q/A for the three month period ending March 31, 2001, filed on June 20, 2001. - Current Report on Form 8-K, filed on March 7, 2001. - Current Report on Form 8-K, filed on June 26, 2001. - The consolidated financial statements of Teligent, Inc., as of December 31, 2000 and 1999 and for each of the years in the three year period ended December 31, 2000, which appear in the Annual Report on Form 10-K/A for the year ended December 31, 2000 of Teligent, Inc., filed on July 5, 2001. On May 21, 2001, Teligent, Inc. and all of its direct and indirect domestic subsidiaries filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. On May 17, 2001, certain subsidiaries and assets of AT&T Corp. which had previously been attributed to AT&T's Liberty Media Group but which had not been previously held by Liberty Media Corporation were contributed to Liberty Media Corporation in anticipation of its split off from AT&T. Those subsidiaries and assets, which constitute only a portion of our overall assets, are being accounted for in a manner similar to a pooling of interests and, therefore, the financial statements of Liberty Media Corporation for periods prior to the contributions have been restated to include the financial position and results of operations of the contributed assets from the dates of their acquisition by AT&T. Accordingly, the

following information is incorporated by reference from the Registration Statement on Form S-1 of Liberty Media Corporation, Registration No. 333-55998, declared effective on June 14, 2001, with respect to the split off: (1) the information under the captions titled "Capitalization," "Selected Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and (2) the following financial statements and notes thereto of Liberty Media Corporation and subsidiaries, which have been restated to give effect to the aforementioned contribution: (x) the balance sheets of Liberty Media Corporation as of March 31, 2001 and December 31, 2000, and the related consolidated statements of operations and comprehensive earnings, stockholder's equity, and cash flows for the three months ended March 31, 2001 and 2000; and (y) the balance sheets of Liberty Media Corporation as of December 31, 2000 and 1999 and the related consolidated statements of operations and comprehensive earnings, stockholder's equity, and cash flows for the year ended December 31, 2000, and the period from March 1, 1999 to December 31, 1999 (Successor periods) and from January 1, 1999 to February 28, 1999 and for the year ended December 31, 1998 (Predecessor periods). 50 54 You may request a copy of these filings at no cost, by writing or telephoning the office of Corporate Secretary Liberty Media Corporation 9197 South Peoria Street Englewood, Colorado 80112 Telephone: 720-875-5400 Our annual, quarterly and special reports, and other information are on file with the SEC. You may read and copy these documents at the Public Reference Room of the SEC at 450 Fifth Street, NW, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also inspect these filings at the regional offices of the SEC located at Citicorp, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and 7 World Trade Center, New York, New York 10048 or over the Internet at the SEC's WEB site at <http://www.sec.gov>. Information contained on any website referenced in this prospectus is not incorporated by reference in this prospectus. This prospectus incorporates by reference information concerning The News Corporation Limited, AOL Time Warner Inc., Gemstar-TV Guide International, Inc., USA Networks, Inc., Sprint Corporation, Telewest Communications plc, Motorola Inc., IDT Corporation and UnitedGlobalCom, Inc., among other public companies. All of these companies file reports and other information with the SEC in accordance with the requirements of the Securities Act and the Securities Exchange Act. Information incorporated by reference in this prospectus concerning those companies has been derived from the reports and other information filed by them with the SEC. Liberty had no part in the preparation of those reports and other information, nor are they incorporated by reference in this prospectus. You may read and copy any reports and other information filed by those companies with the SEC as set forth above. You should rely only on the information contained or incorporated by reference in this prospectus or to which we have referred you. We have not, and the selling security holders have not, authorized any person to provide you with different information or to make any representation not contained in this prospectus. 51 55

----- \$600,000,000 [LIBERTY LOGO] LIBERTY
 MEDIA CORPORATION 3 1/2% SENIOR EXCHANGEABLE DEBENTURES DUE 2031 (Exchangeable for
 Motorola Inc. Common Stock or Cash Based on the Value Thereof) ----- PROSPECTUS July , 2001

----- 56 PART II INFORMATION NOT REQUIRED
 IN PROSPECTUS ITEM 14. OTHER EXPENSES OF ISSUANCE AND REGISTRATION. The following table sets
 forth the costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the
 transaction being registered. All amounts are estimates except the SEC registration fee. Registration
 fee..... \$150,000 Printing and engraving expenses..... \$100,000 Legal fees and
 expenses..... \$100,000 Accounting fees and expenses..... \$ 25,000
 Miscellaneous..... \$ 10,000 ----- Total..... \$385,000 =====

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS. Section 145 of the Delaware General
 Corporation Law ("DGCL") provides, generally, that a corporation shall have the power to indemnify any person who
 was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding
 (except actions by or in the right of the corporation) by reason of the fact that such person is or was a director, officer,
 employee or agent of the corporation against all expenses, judgments, fines and amounts paid in settlement actually
 and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in
 good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the
 corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her

conduct was unlawful. A corporation may similarly indemnify such person for expenses actually and reasonably incurred by such person in connection with the defense or settlement of any action or suit by or in the right of the corporation, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, in the case of claims, issues and matters as to which such person shall have been adjudged liable to the corporation, provided that a court shall have determined, upon application, that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper. Section 102(b)(7) of the DGCL provides, generally, that the certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision may not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under section 174 of Title 8 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. No such provision may eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision became effective. Article V, Section E of the Restated Certificate of Incorporation, as amended ("Liberty charter"), of Liberty Media Corporation, a Delaware corporation ("Liberty"), provides as follows: 1. Limitation On Liability. To the fullest extent permitted by the DGCL as the same exists or may hereafter be amended, a director of Liberty shall not be liable to Liberty or any of its stockholders for monetary damages for breach of fiduciary duty as a director. Any repeal or modification of this paragraph 1 shall be prospective only and shall not adversely affect any limitation, right or protection of a director of Liberty existing at the time of such repeal or modification. II-1 57 2. Indemnification. (a) Right to Indemnification. Liberty shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director or officer of Liberty or is or was serving at the request of Liberty as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such person. Such right of indemnification shall inure whether or not the claim asserted is based upon matters which antedate the adoption of this Section E. Liberty shall be required to indemnify or make advances to a person in connection with a proceeding (or part thereof) initiated by such person only if the proceeding (or part thereof) was authorized by the board of directors of Liberty. (b) Prepayment of Expenses. Liberty shall pay the expenses (including attorneys' fees) incurred by a director or officer in defending any proceeding in advance of its final disposition, provided, however, that the payment of expenses incurred by a director or officer in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the director or officer to repay all amounts advanced if it should be ultimately determined that the director or officer is not entitled to be indemnified under this paragraph or otherwise. (c) Claims. If a claim for indemnification or payment of expenses under this paragraph is not paid in full within 60 days after a written claim therefor has been received by Liberty, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action, Liberty shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law. (d) Non-Exclusivity of Rights. The rights conferred on any person by this paragraph shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Liberty Charter, Liberty's Bylaws, agreement, vote of stockholders or resolution of disinterested directors or otherwise. (e) Other Indemnification. Liberty's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, enterprise or nonprofit entity. 3. Amendment or Repeal. Any amendment, modification or repeal of the foregoing provisions of this Section E shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such amendment, modification or repeal. II-2 58

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES. (a) Exhibits. The following is a complete list of Exhibits filed as part of this Registration Statement. EXHIBIT NO. DOCUMENT ----- 4.1 Indenture dated as

of July 7, 1999, between Liberty and The Bank of New York (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-4 of Liberty Media Corporation (File No. 333-86491) as filed on September 3, 1999 (the "Liberty S-4 Registration Statement)). 4.2 Fifth Supplemental Indenture dated as of January 11, 2001 between Liberty and The Bank of New York (incorporated by reference to Exhibit 4.8 to the Registration Statement on Form S-1 of Liberty Media Corporation (File No. 333-55998) as filed on May 24, 2001 (the "Liberty S-1 Registration Statement")). 4.3 Registration Rights Agreement dated as of January 11, 2001, between Liberty and Lehman Brothers Inc. 4.4 Form of 3 1/2% Senior Exchangeable Debenture due 2031. 4.5 Liberty undertakes to furnish the Securities and Exchange Commission, upon request, a copy of all instruments with respect to long-term debt not filed herewith. 5 Form of Opinion of Baker Botts L.L.P., with respect to legality of debentures being registered. 12 Computation of Ratio of Earnings to Fixed Charges. 23.1 Consent of KPMG LLP. 23.2 Consent of Baker Botts L.L.P. (included in Exhibit 5). 23.3 Consent of Ernst & Young LLP 24 Power of Attorney (included on page II-5). 25 Statement of Eligibility of Trustee. ITEM 17. UNDERTAKINGS. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of Liberty pursuant to the foregoing provisions, or otherwise, Liberty has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by Liberty of expenses incurred or paid by a director, officer or controlling person of Liberty in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, Liberty will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue. II-3 59 SIGNATURES Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Denver, state of Colorado, on July 6, 2001. LIBERTY MEDIA CORPORATION By: /s/ CHARLES Y. TANABE ----- Name: Charles Y. Tanabe Title: Senior Vice President, General Counsel and Secretary II-4 60 POWER OF ATTORNEY KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Charles Y. Tanabe and Robert W. Murray Jr., and each of them his true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution for him and in his name, place and stead, in any and all capacities, to sign and file (1) any or all amendments (including post-effective amendments) to this Registration Statement, with all exhibits thereto, and other documents in connection therewith, and (2) a registration statement, and any and all exhibits thereto, relating to the offering covered hereby filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents and each of them full power and authority, to do and perform each and every act and thing requisite or necessary to be done in and about the premises, to all intents and purposes and as fully as they might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or their substitutes may lawfully do or cause to be done by virtue hereof PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED: SIGNATURE TITLE DATE ----- Chairman of the Board and July , 2001 ----- Director John C. Malone /s/ ROBERT R. BENNETT President, Chief Executive July 6, 2001 ----- Officer (Principal Executive Robert R. Bennett Officer) and Director /s/ GARY S. HOWARD Executive Vice President, Chief July 6, 2001 ----- Operating Officer and Director Gary S. Howard /s/ DAVID J.A. FLOWERS Senior Vice President and July 6, 2001 ----- Treasurer (Principal Financial David J.A. Flowers Officer) /s/ CHRISTOPHER W. SHEAN Vice President and Controller July 6, 2001 ----- (Principal Accounting Officer) Christopher W. Shean /s/ PAUL A. GOULD Director July 6, 2001 ----- Paul A. Gould Director July , 2001 ----- Harold R. Handler /s/ JEROME H. KERN Director July 6, 2001 ----- Jerome H. Kern Director July , 2001 ----- Frank J. Macchiarola Director July , 2001 ----- Michael T. Ricks /s/ LARRY E. ROMRELL Director July 6, 2001

----- Larry E. Romrell II-5 61 EXHIBIT INDEX EXHIBIT NO. DOCUMENT
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