LIBERTY MEDIA CORP /DE/
Form S-4/A
October 31, 2003

As filed with the Securities and Exchange Commission on October 31, 2003

Registration No. 333-109791

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

Form S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Liberty Media Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**4841**	**84-1288730**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

12300 LIBERTY BOULEVARD

ENGLEWOOD, COLORADO 80112
(720) 875-5400
(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant s Principal Executive Offices)

ELIZABETH M. MARKOWSKI, ESQ.

LIBERTY MEDIA CORPORATION
12300 LIBERTY BOULEVARD
ENGLEWOOD, COLORADO 80112
(720) 875-5400
(Name, address, including zip code and telephone number,
including area code, of agent for service)

Copies to:

Steven D. Miller, Esq.
Sherman & Howard L.L.C.
633 Seventeenth Street, Suite 3000
Denver, Colorado 80202
(303) 297-2900

Jeffrey E. LaGueux, Esq.
Patterson, Belknap, Webb & Tyler LLP
1133 Avenue of the Americas
New York, New York 10036-6710
(212) 336-2000

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement and upon the effective time of the merger described in the proxy statement/ prospectus forming a part of this registration statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the Securities Act), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o ____________

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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ON COMMAND CORPORATION

4610 South Ulster Street, 6th Floor
Denver, Colorado 80237

Dear On Command Corporation Stockholder:

The On Command board of directors and a special committee of the board have unanimously approved a merger agreement pursuant to which Liberty Media Corporation would acquire all of the shares of On Command common stock that are not already beneficially owned by Liberty Media and its subsidiaries. Liberty Satellite & Technology, Inc. owns approximately 74% of On Command s outstanding common stock, while Liberty Media owns approximately 87% of Liberty Satellite s outstanding common stock.

You are cordially invited to attend a special meeting of stockholders of On Command on December 5, 2003, commencing at 9:00 a.m. local time at On Command s corporate headquarters at 4610 South Ulster Street, 6th Floor, Denver, Colorado 80237, at which time we will ask you to consider and vote upon a proposal to adopt the merger agreement and approve the merger pursuant to which Liberty Media would acquire the remaining publicly held common stock of On Command. If the merger is completed, you will have the right to receive 0.166 of a share of Liberty Media Series A common stock in exchange for each share of On Command common stock that you own unless you validly exercise your appraisal rights. However, if the implied value of the exchange ratio in the merger is less than $1.90 or more than $2.10 per share of On Command common stock, based on the average closing price of the Liberty Media Series A common stock for the five trading days ending on the third trading day prior to the closing of the merger, then the exchange ratio will be adjusted upward or downward, as applicable, to yield an implied value of $1.90 or $2.10 per share, respectively, based on such average closing price. Any adjustment of the exchange ratio to more than 0.190 of a share of Liberty Media Series A common stock for each share of On Command common stock will be at Liberty Media s sole discretion. If Liberty Media determines not to increase the exchange ratio further, then the exchange ratio would be fixed at 0.190 and On Command would be entitled to terminate the merger agreement. Any decision of the On Command board of directors to terminate the merger agreement would be made by vote of the On Command independent directors. Prior to the consummation of the merger, On Command will issue a press release stating the final exchange ratio, if other than 0.166. A copy of the merger agreement is included as **Annex I** to this proxy statement/ prospectus and should be read in its entirety.

Liberty Media s Series A common stock is listed on the New York Stock Exchange under the trading symbol L . On Command s common stock is eligible for quotation on the OTC Bulletin Board under the symbol ONCO . On October 30, 2003, the last reported sale price for Liberty Media Series A common stock was $10.15 and the last reported bid price for On Command common stock was $1.76.

The affirmative vote of the holders of a majority in voting power of the outstanding equity securities of On Command (which includes common stock and certain series of preferred stock, voting together with the common stock as a single class) is required to adopt the merger agreement and approve the merger. The Liberty Satellite board of directors has authorized Liberty Satellite to vote its shares of On Command common and preferred stock to adopt the merger agreement and approve the merger, in which case the merger agreement will be adopted and the merger will be approved at the special meeting.

This proxy statement/ prospectus is also Liberty Media s prospectus for the shares of Liberty Media Series A common stock that would be issued to On Command stockholders in the merger. **Please carefully consider all of the information contained in this proxy statement/ prospectus regarding On Command, Liberty Media and the merger, including in particular the discussion in the section entitled Risk Factors beginning on page 15.**

Whether or not you are personally able to attend the meeting, please complete, sign and date the enclosed proxy card and return it in the enclosed prepaid envelope as soon as possible. This action will not limit your

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right to vote in person if you wish to attend the meeting and vote personally. You may revoke your proxy in the manner described in this proxy statement/ prospectus at any time before it is voted at the special meeting.

If you have any questions about the proposed merger or the special meeting, please call On Command s Investor Relations Department at (720) 873-3640.

Sincerely yours,

Christopher Sophinos,
President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the securities to be issued under this proxy statement/ prospectus or passed upon the adequacy or accuracy of this proxy statement/ prospectus. Any representation to the contrary is a criminal offense.

This proxy statement/ prospectus is dated October 31, 2003, and is first being mailed to On Command stockholders on or about November 4, 2003.

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ON COMMAND CORPORATION

4610 South Ulster Street, 6th Floor
Denver, Colorado 80237

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON DECEMBER 5, 2003

To the Stockholders of On Command Corporation:

Notice is hereby given that a special meeting of stockholders of On Command Corporation, a Delaware corporation, will be held at On Command s corporate headquarters at 4610 South Ulster Street, 6th Floor, Denver, Colorado 80237, on December 5, 2003, at 9:00 a.m., local time, for the following purpose:

1. To consider and vote upon a proposal to adopt a merger agreement, dated as of September 9, 2003, among On Command, Liberty Media Corporation, a Delaware corporation and ONCO Acquisition Co., a Delaware corporation, in the form of **Annex I** to the proxy statement/ prospectus, and to approve the merger contemplated thereby, pursuant to which Liberty Media would acquire all of the shares of On Command common stock that are not already beneficially owned by Liberty Media and its subsidiaries, including Liberty Satellite & Technology, Inc.;

and to transact such other business as may properly come before the meeting. The On Command board of directors is not aware of any other business that may come before the meeting.

The foregoing item of business is more completely described in the proxy statement/ prospectus accompanying this notice.

The On Command board of directors has fixed the close of business on October 24, 2003 as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting. Only holders of record of On Command common stock, Series A preferred stock and Series D preferred stock as of the close of business on such date are entitled to notice of, and to vote at, the special meeting. A list of On Command stockholders entitled to vote at the special meeting will be available for examination by any On Command stockholder at the special meeting and, for a period of ten business days prior to the date of the special meeting, during ordinary business hours, at On Command s corporate offices at 4610 South Ulster Street, 6th Floor, Denver, Colorado 80237.

Whether or not you are personally able to attend the meeting, please complete, sign and date the enclosed proxy card and return it in the enclosed prepaid envelope as soon as possible. This action will not limit your right to vote in person if you wish to attend the special meeting and vote personally. You may revoke your proxy in the manner described in the proxy statement/ prospectus at any time before it is voted at the special meeting.

By Order of the Board of Directors,

Pamela J. Strauss,

Secretary

Denver, Colorado

October 31, 2003

Do not send any stock certificates with the enclosed proxy card. The procedure for the exchange of your shares after the merger is consummated is set forth in the proxy statement/ prospectus.

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REFERENCE TO ADDITIONAL INFORMATION

This proxy statement/ prospectus incorporates by reference important business and financial information about Liberty Media from documents that are not included in or delivered with this proxy statement/ prospectus. You may obtain documents incorporated by reference in this proxy statement/ prospectus without charge by requesting them in writing or by telephone from Liberty Media at the following address:

Investor Relations

Liberty Media Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112
Telephone: (877) 772-1518

To obtain timely delivery of requested documents prior to the special stockholders meeting, you must request the incorporated information no later than *November 28, 2003, which is five business days prior to the meeting*. For a more detailed description of the information incorporated by reference into this proxy statement/ prospectus and how you may obtain it, see the section entitled Where You Can Find More Information, on page 13.

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EX-23.1 Consent of KPMG LLP

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ANNEXES:

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What is the transaction? (Page 27)

A: The transaction is a merger of ONCO Acquisition Co., a newly formed subsidiary of Liberty Media, with and into On Command, with On Command as the surviving corporation in the merger. As a result of the merger, Liberty Media will acquire all of the shares of On Command common stock that are not already beneficially owned by Liberty Media and its subsidiaries. Liberty Satellite, a subsidiary of Liberty Media, owns approximately 74% of On Command s outstanding common stock, and approximately 80% of the total voting power associated with On Command s equity securities. Liberty Media owns approximately 87% of Liberty Satellite s outstanding common stock, and approximately 98% of the voting power associated with Liberty Satellite s equity securities.

Unless the context clearly indicates otherwise, all references in this proxy statement/ prospectus to the merger refer to the merger of ONCO Acquisition Co. with and into On Command, and all references to the merger agreement refer to the merger agreement among On Command, ONCO Acquisition Co. and Liberty Media, which accompanies this proxy statement/ prospectus as **Annex I**.

Q: What will I receive in the merger? (Page 48)

A: Following the consummation of the merger, unless you validly exercise your appraisal rights, you will have the right to receive 0.166 of a share of Liberty Media Series A common stock in exchange for each share of On Command common stock that you hold on the effective date of the merger. Liberty Media will not issue fractional shares of Liberty Media Series A common stock in the merger. You will receive cash based on the market price of the Liberty Media Series A common stock instead of any fractional shares.

Q: Will the exchange ratio and the value of the shares I receive change between now and the time the merger is consummated? (Page 49)

A: The exchange ratio (which affects the number of shares you will receive) is subject to adjustment as follows. If the implied value of the exchange ratio in the merger is less than $1.90 or more than $2.10 per share of On Command common stock, based on the average closing price of the Liberty Media Series A common stock for the five trading days ending on the third trading day prior to the closing of the merger, then the exchange ratio will be adjusted upward or downward, as applicable, to yield an implied value of $1.90 or $2.10 per share, respectively, based on such average closing price. However, if the average closing price of Liberty Media Series A common stock over such period is less than $10.00 per share, the exchange ratio will be capped at 0.190, subject to (i) the right of On Command to terminate the merger agreement and abandon the merger, if the exchange ratio is so capped, and (ii) the right of Liberty Media to increase the exchange ratio above 0.190, to yield an implied value of $1.90 per share of On Command common stock, in which case the merger agreement will not be terminated and the merger will be consummated at such increased exchange ratio. Any decision of the On Command board of directors to terminate the merger agreement as described above would be made by vote of the On Command independent directors. If the average closing price of Liberty Media Series A common stock over the relevant period is less than $10.00 per share and On Command does not elect to terminate the merger agreement, or if the price of Liberty Media Series A common stock on the closing date of the merger is less than the average price used to calculate any adjustment to the exchange ratio under the merger agreement, then on the closing date the Liberty Media Series A common stock you receive in the merger could be worth less than $1.90 per share of On Command common stock converted in the merger.

On October 30, 2003, the last trading day before the date of this proxy statement/ prospectus, the last sale price of Liberty Media Series A common stock on the New York Stock Exchange was $10.15 per share.

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Q: Will I have appraisal rights in connection with the merger? (Page 55)

A: Yes. Under Delaware law, which governs the merger, you have the right to seek appraisal of your shares of On Command common stock. Your right to seek appraisal requires strict compliance with the procedures contained in Section 262 of the Delaware corporate statute. Failure to follow any of these procedures may result in the termination or waiver of your appraisal right.

Q: Does the On Command board of directors recommend approval of the merger? (Page 36)

A: Yes. The On Command board of directors, based in part on the recommendation of a special committee of the board, unanimously recommends that you vote in favor of adoption of the merger agreement and approval of the merger. The special committee of the board is composed of two directors, neither of whom is an officer or employee of Liberty Media or any of its affiliates, or a director of Liberty Media. The special committee was formed in order to negotiate the terms of a possible business combination with Liberty Media on behalf of On Command.

Q: What is the date, time and place of the special meeting of stockholders to consider the merger? (Page 24)

A: The special meeting of stockholders of On Command will be held on December 5, 2003 at 9:00 a.m., local time, at On Command s corporate headquarters at 4610 South Ulster Street, 6th Floor, Denver, Colorado 80237, to consider and vote upon the proposal to adopt the merger agreement and approve the merger.

Q: What vote is required to adopt the merger agreement and approve the merger? (Page 25)

A: In order to adopt the merger agreement and complete the merger, holders of a majority in voting power of the outstanding equity securities of On Command (which includes common stock and certain series of preferred stock, voting together with the common stock as a single class) must approve the merger agreement and the merger. Liberty Satellite, a subsidiary of Liberty Media, owns approximately 74% of the outstanding On Command common stock, and approximately 80% of the total voting power associated with On Command s equity securities. The Liberty Satellite board of directors has authorized Liberty Satellite to vote its shares of On Command common and preferred stock to adopt the merger agreement and approve the merger, in which case the merger agreement will be adopted and the merger will be approved at the special meeting.

Q: Will I realize a taxable gain or loss for U.S. Federal Income Tax purposes? (Page 45)

A: Yes. The merger will be a taxable transaction to you. You will be treated as having sold or exchanged your shares of On Command common stock for Liberty Media Series A common stock and you will recognize gain or loss equal to the difference between (i) the tax basis for your shares of On Command common stock and (ii) the fair market value of the Liberty Media Series A common stock and any cash in lieu of fractional shares that you receive.

Q: What do I need to do now? (Page 24)

A: After carefully reading and considering the information contained in this proxy statement/ prospectus and its appendices, indicate your vote on your proxy card, and sign and mail the proxy card in the enclosed return envelope as soon as possible, so that your shares may be represented at the special meeting. If you sign and send in your proxy card and do not indicate your vote, we will count your proxy card as a vote in favor of the proposal to be voted upon at the special meeting. If you desire to exercise your appraisal rights, you should follow the procedures described in the section entitled, Appraisal Rights of Dissenting Stockholders.

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Q: May I vote in person? (Page 24)

A: Yes. If you hold your shares of record as of the close of business on October 24, 2003, you may attend the special meeting of On Command stockholders and vote your shares in person rather than signing and returning your proxy card.

Q: What do I do if I want to change my vote? (Page 24)

A: You should send in a new, later dated, signed proxy card, or a written revocation of your previous proxy card, to On Command s corporate secretary so that it is received before the special meeting or attend the special meeting in person and vote (however, attendance at the special meeting without voting at the meeting will not in and of itself constitute a revocation of a proxy).

Q: If my shares are held in street name by my broker, will my broker vote my shares for me? (Page 26)

A: Yes, but only if you provide instructions to your broker on how to vote. Accordingly, please contact the person responsible for your account and give instructions for a proxy card to be signed representing your shares of On Command common stock.

Q: Should I send my stock certificates now? (Pages 25 and 51)

A: No. As soon as practicable after the merger is completed, On Command stockholders will be sent written instructions for exchanging their share certificates, together with a letter of transmittal for the certificates. **You should not send any stock certificates with your proxy cards**.

Q: Will I have to pay any fees or commissions? (Page 26)

A: If you are the record owner of your shares, you will not have to pay brokerage fees or incur similar expenses. If you own your shares through a broker or other nominee, your broker may charge you a fee. You should consult your broker or nominee to determine whether any charges will apply.

Q: Whom should I call with questions? (Page 13)

A: You should call On Command s Investor Relations Department at (720) 873-3640. You may also obtain additional information about Liberty Media from documents filed with the Securities and Exchange Commission by following the instructions in the section entitled Where You Can Find More Information, on page 13.

SUMMARY OF THIS PROXY STATEMENT/ PROSPECTUS

This summary highlights selected information from this proxy statement/ prospectus and may not contain all the information that is important to you. To better understand the merger, you should read this entire document carefully, including the documents to which we refer you. In addition, this proxy statement/ prospectus incorporates by reference important business and financial information about Liberty Media. You may obtain the information incorporated by reference into this proxy statement/ prospectus without charge by following the instructions in the section entitled Where You Can Find More Information, on page 13.

The Companies (See Page 22)

On Command Corporation

4610 South Ulster Street, 6th Floor
Denver, Colorado 80237
Telephone: (720) 873-3200

On Command provides in-room, on-demand entertainment and information services to hotels, motels and resorts. At June 30, 2003, On Command provided in-room entertainment services to approximately 885,000 hotel rooms. Approximately 89% of On Command s total equipped rooms at June 30, 2003 were located in the United States, with the balance located primarily in Canada and Mexico. The majority of On Command s domestic operations are conducted through its primary subsidiary, On Command Video Corporation.

Liberty Media Corporation

12300 Liberty Boulevard
Englewood, Colorado 80112
Telephone: (720) 875-5400

Liberty Media is a holding company which, through its ownership of interests in subsidiaries and other entities, is engaged in (i) the production, acquisition and distribution through all available formats and media of branded entertainment, educational and informational programming and software, including multimedia products, (ii) electronic retailing, direct marketing, advertising sales related to programming services, infomercials and transaction processing, (iii) international cable television distribution, telephony and programming, (iv) satellite communications, and (v) investments in wireless domestic telephony and other technology ventures. Liberty Media and its affiliated companies operate in the United States, Europe, South America and Asia with some of the world s most recognized and respected brands, including QVC, Encore, STARZ!, Discovery, IAC/InterActiveCorp, Court TV and Sprint PCS.

The Special Meeting (Page 24)

General. The special meeting of stockholders of On Command will be held at 9:00 a.m., local time, on December 5, 2003, at On Command s corporate headquarters at 4610 South Ulster Street, 6th Floor, Denver, Colorado 80237.

Record Date. Stockholders are entitled to vote at the special meeting if they owned shares of On Command common stock, Series A preferred stock or Series D preferred stock as of the close of business on October 24, 2003, the record date. As of the record date, there were 30,822,340 shares of On Command common stock outstanding, 13,500 shares of On Command Series A preferred stock outstanding and 60,000 shares of On Command Series D preferred stock outstanding.

Voting Rights and Procedures. On Command common stockholders will be entitled to one vote for each share of common stock owned on the record date. In addition, On Command Series A and D preferred stockholders are entitled to vote together with On Command stockholders on all matters submitted to the On Command common stockholders, with holders of the Series A and D preferred stock to have the number of votes that they would have if all of the Series A or D preferred stock had been converted into On Command common stock. On the record date, the Series A preferred stock was convertible into 1,350,000 shares of On Command common stock and the Series D preferred stock was convertible into 9,404,023 shares of On

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Command common stock. You may vote either by attending the special meeting and voting your shares or by completing the enclosed proxy card and mailing it to us in the enclosed envelope.

Stockholder Vote Required to Approve the Merger. The affirmative vote of the holders of a majority of the voting power of outstanding shares of On Command common stock, Series A preferred stock and Series D preferred stock (voting together as a single class) entitled to vote at the meeting is required to approve the merger agreement and the merger. As of the record date, Liberty Satellite, a subsidiary of Liberty Media, owned approximately 74% of the outstanding On Command common stock, and 100% of the outstanding On Command Series D preferred stock, which collectively represents approximately 80% of the total voting power of equity securities entitled to vote at the special meeting. This means that Liberty Satellite owns enough shares of On Command common stock to adopt the merger agreement and approve the merger under the Delaware corporate statute without the vote of any other holders of On Command common stock. The Liberty Satellite board of directors has authorized Liberty Satellite to vote its shares of On Command common and preferred stock to adopt the merger agreement and approve the merger, in which case the merger agreement will be adopted and the merger will be approved at the special meeting. Liberty Satellite is not subject to any binding agreement to vote in favor of the merger proposal, and there can be no assurance that the board of directors of Liberty Satellite will not revoke such authorization prior to the special meeting. However, in the merger agreement, in its capacity as beneficial owner of On Command stock, Liberty Media agreed to use commercially reasonable efforts to cause On Command stock beneficially owned by Liberty Media (which would include the shares owned by Liberty Satellite) to be voted in favor of the adoption of the merger agreement at the special meeting.

Stock Ownership of Officers and Directors. As of the record date, the directors and executive officers of On Command owned 3,200 shares of On Command common stock, and held exercisable options or other rights to acquire 430,000 shares of On Command common stock, collectively representing 1.4% of the total number of shares of On Command common stock outstanding at that date (assuming exercise of such options).

The Merger (Page 27)

General. The merger agreement is attached as **Annex I** to this proxy statement/ prospectus and is incorporated herein by reference. We encourage you to read the merger agreement as it is the legal document that governs the merger. The merger agreement provides that, upon consummation of the merger, ONCO Acquisition Co. will merge with and into On Command, with On Command continuing as the surviving corporation.

The merger will become effective upon the filing of a certificate of merger with the Secretary of State of the State of Delaware. This filing is anticipated to be made as soon as possible after receipt of On Command stockholder approval and the satisfaction or waiver of the other conditions to the merger.

What On Command Stockholders Will Receive. Upon consummation of the merger, each holder of outstanding On Command common stock (other than ONCO Acquisition Co., Liberty Satellite, Liberty Media and their respective wholly-owned subsidiaries) who has not properly exercised appraisal rights will receive 0.166 of a share of Series A common stock of Liberty Media in exchange for each share of On Command common stock that they own, subject to the following adjustments. If the implied value of the exchange ratio in the merger is less than $1.90 or more than $2.10 per share of On Command common stock, based on the average closing price of the Liberty Media Series A common stock for the five trading days ending on the third trading day prior to the closing of the merger, then the exchange ratio will be adjusted upward or downward, as applicable, to yield an implied value of $1.90 or $2.10 per share, respectively, based on such average closing price. However, if the average closing price of Liberty Media Series A common stock over such period is less than $10.00 per share, the exchange ratio will be capped at 0.190, subject to (i) the right of On Command to terminate the merger agreement and abandon the merger, if the exchange ratio is so capped, and (ii) the right of Liberty Media to increase the exchange ratio above 0.190, to yield an implied value of $1.90 per share of On Command common stock, in which case the merger agreement will not be terminated and the merger will be consummated at such increased exchange ratio. Any decision of the On

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Command board of directors to terminate the merger agreement as described above would be made by vote of the On Command independent directors. If the average closing price of Liberty Media Series A common stock over the relevant period is less than $10.00 per share and On Command does not elect to terminate the merger agreement, or if the price of Liberty Media Series A common stock on the closing date of the merger is less than the average price used to calculate any adjustment to the exchange ratio under the merger agreement, then on the closing date the Liberty Media Series A common stock you receive in the merger could be worth less than $1.90 per share of On Command common stock converted in the merger. For a table showing the calculation of the exchange ratio and the implied value of such fraction of a share of Liberty Media Series A common stock based upon a range of average closing prices of a Liberty Media Series A common share over a five trading day period, please see the section entitled The Merger Agreement Consideration to be Received in the Merger on page 48.

If the exchange ratio remains at 0.166, a total of approximately 2,035,220 shares of Liberty Media Series A common stock will be issued or issuable in connection with the merger in exchange for outstanding shares of On Command common stock and upon exercise of options, vesting of restricted stock awards and conversion of On Command Series A preferred stock outstanding at the time of the merger.

Liberty Media will not issue fractional shares of its Series A common stock in the merger. Instead, the total number of shares of Liberty Media Series A common stock you are entitled to receive will be rounded down to the nearest whole number of shares, and you will receive a cash payment for any fraction of a share to which you would otherwise be entitled based upon the average closing price of Liberty Media Series A common stock for the five trading days immediately preceding the trading day prior to the closing of the merger.

On Command Reasons for the Merger; Recommendation of On Command Board of Directors. The On Command board of directors has unanimously approved the merger agreement and has determined that it is advisable and in the best interests of On Command and its stockholders (other than Liberty Media and its affiliates), and unanimously recommends that holders of On Command common stock vote in favor of the proposal to adopt the merger agreement and approve the merger. In making this recommendation, the board considered the following factors:

- the recommendation of a special committee of the board comprised entirely of independent directors;
- the financial condition, competitive position and prospects of On Command as a stand-alone entity;
- the opinion of Credit Suisse First Boston LLC dated September 9, 2003, subject to and based upon the assumptions and considerations in its opinion, as to the fairness, from a financial point of view, to the holders of common stock of On Command (other than Liberty Media and its affiliates) of the consideration to be received by such holders pursuant to the merger agreement as of the date of such opinion;
- the expected difficulties On Command would encounter in pursuing its growth strategy as a stand-alone company given its leverage, its capital needs and its limited access to capital;
- the relative liquidity of the Liberty Media Series A common stock as compared to the On Command common stock;
- the opportunity for On Command stockholders to participate in the future performance of the other businesses and assets of Liberty Media through their ownership of Liberty Media Series A common stock, which they would receive in the merger; and
- the expectation that the merger will generally be a taxable transaction to On Command common stockholders.

Liberty Media Reasons for the Merger. The purpose of the merger for Liberty Media is to acquire the publicly held minority interest in On Command. In deciding to undertake the merger, which will result in On Command ceasing to be a public company, Liberty Media considered the following factors, among others:

On Command s outstanding debt, including On Command s greater cost of borrowing as compared to Liberty Media s, and On Command s historical difficulties in satisfying the leverage ratio contained in its debt agreements (as further described in the section entitled The Merger Background of the Merger, on page 27);

recent capital market trends, which have adversely affected the ability of companies situated similarly to On Command to access capital;

On Command s need for additional capital to develop its business;

the trading price volatility of the On Command common stock caused, in part, by its limited public float;

the elimination of costs associated with operating On Command as a separate public company, including costs and expenses associated with Securities and Exchange Commission reporting, communicating with stockholders and related legal and accounting fees; and

the ability to eliminate certain potential conflicts of interest between On Command and Liberty Media relating to business dealings between them.

Regulatory Approval and Other Conditions to the Merger. Except for filing a certificate of merger in Delaware and compliance with federal and state securities laws, we are not aware of any material United States federal or state or foreign governmental or regulatory requirement necessary to be complied with, or approval that must be obtained, in connection with the merger. However, the respective obligations of On Command and Liberty Media to consummate the transactions contemplated by the merger agreement are subject to the satisfaction or, where permissible, waiver of a number of conditions, including the adoption of the merger agreement and approval of the merger by the requisite vote of stockholders of On Command, and certain other conditions that are usual and customary conditions for merger transactions.

Covenants. Under the merger agreement, On Command has agreed, prior to the effective time of the merger, to conduct its business in the ordinary and usual course consistent with past practice, to use its reasonable efforts to preserve intact its business organization and assets and to refrain from issuing additional capital stock, amending its certificate of incorporation, entering into or modifying certain material agreements or taking certain other actions.

Effect of the Merger on On Command Stock Options and Restricted Stock. On Command s outstanding stock options issued under the Amended and Restated On Command 1996 Key Employee Stock Option Plan and the Amended and Restated On Command 1997 Non-Employee Directors Stock Plan, as amended, and other stock options not issued under that plan, will each be converted into rights to acquire Liberty Media Series A common stock. Converted stock options will be exercisable with respect to the number of shares of Liberty Media Series A common stock determined by multiplying the number of underlying shares of On Command common stock on the effective date of the merger by the exchange ratio in the merger, rounded up to the nearest whole share. The exercise price per share of Liberty Media Series A common stock issuable under each assumed option will be calculated by dividing the exercise price of the option before the merger by the exchange ratio, rounded down to the nearest whole cent.

In addition, each restricted share of On Command common stock issued under or outside of the On Command plans will be converted into restricted shares of Liberty Media Series A common stock at the exchange ratio, rounded up to the nearest whole share. Each restricted share of Liberty Media Series A common stock issued to holders of On Command restricted stock will remain subject to the same restrictions applicable to such share prior to the merger.

Effect of the Merger on On Command Preferred Stock. All shares of On Command Series A, B, C and D preferred stock that are issued and outstanding immediately prior to the merger will remain outstanding

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after the merger. The terms of On Command s Series A preferred stock provide that, after the merger, each share of Series A preferred stock will no longer be convertible into 100 shares of On Command common stock, but instead will be convertible into the number of shares of Liberty Media Series A common stock equal to 100 multiplied by the exchange ratio. After the merger, each share of On Command Series D preferred stock will continue to be convertible into On Command common stock. All outstanding shares of Series A preferred stock are currently held by the former Chairman of the Board and Chief Executive Officer of On Command, Jerome H. Kern, who is also a director of Liberty Media. All outstanding shares of Series B, C and D stock are currently held by Ascent Entertainment Group, Inc., a wholly owned subsidiary of Liberty Satellite.

Termination. The merger agreement may be terminated and the merger abandoned at any time prior to the effective time of the merger, by the mutual consent of On Command and Liberty Media. In addition, either On Command or Liberty Media can terminate the merger agreement:

- if the On Command board of directors has withdrawn or modified in any manner adverse to Liberty Media its recommendation to On Command stockholders regarding the adoption of the merger agreement;
- if the merger has not been consummated before March 31, 2004;
- for a material breach by the other party under the merger agreement that is incapable of being cured;
- if a court of competent jurisdiction has issued an order permanently enjoining or otherwise prohibiting the merger; or
- if the required adoption of the merger agreement and approval of the merger by the On Command stockholders are not duly obtained at the special meeting.

The merger agreement can also be terminated by On Command (upon a determination of its independent directors) if the implied value of the exchange ratio, as adjusted pursuant to the terms of the merger agreement, is less than $1.90 per share, based on the average closing price of Liberty Media Series A common stock for the five trading days ending on the third trading day prior to the closing of the merger, unless Liberty Media elects to increase the exchange ratio to yield an implied value per share of On Command common stock of $1.90.

Interests of Directors and Officers (Page 44)

You should be aware that some officers and directors of On Command have interests in the merger that are different from, or in addition to, yours. These interests include:

- ownership of Liberty Media common stock and options exercisable for shares of Liberty Media common stock; and
- indemnification arrangements between On Command and the directors and officers of On Command.

In addition, some of the officers and directors of Liberty Media and/or ONCO Acquisition Co. are also directors of On Command and have interests that are in addition to, or different from, your interests.

Material U.S. Federal Income Tax Consequences (Page 45)

The merger will be treated for tax purposes as a taxable sale or exchange of On Command common stock for Liberty Media Series A common stock. In general, you will have taxable gain or loss equal to the difference between your aggregate basis in the On Command common shares surrendered by you in the merger and the sum of the fair market value of the Liberty Media Series A common stock and any cash in lieu of fractional shares that you receive in the merger. The gain or loss will be capital if you held your shares of On Command common stock as capital assets and would be long term gain or loss if you held your shares of On Command common stock for more than a year as of the date of the merger. You should consult your own tax advisor for a full understanding of the merger s tax consequences to you.

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Appraisal Rights of Dissenting Stockholders (Page 55)

Delaware law permits holders of On Command common and preferred stock to dissent from the merger and to receive the appraised fair value of their shares of On Command common or preferred stock in cash in lieu of merger consideration. To do this, a holder of On Command common or preferred stock must follow certain procedures, including filing certain notices with On Command and refraining from voting his or her shares in favor of the merger. If an On Command stockholder validly exercises his or her appraisal rights, his or her shares of On Command common and preferred stock will not be exchanged for shares of Liberty Media Series A common stock in the merger, and his or her only right will be to receive the appraised fair value of his or her shares of On Command common stock in cash, which amount could be greater than, less than or the same as the value of the merger consideration he or she would have received at the closing of the merger. A copy of the Delaware statutes describing these appraisal rights and the procedures for exercising them is attached as **Annex II** to this proxy statement/ prospectus.

The Liberty Satellite board of directors has authorized Liberty Satellite to waive any dissenters rights of appraisal that it has with respect to the On Command common stock and Series B, C and D preferred stock that it beneficially owns. Liberty Satellite is not subject to any binding agreement to waive its dissenters rights of appraisal, and there can be no assurance that the board of directors of Liberty Satellite will not revoke such authorization prior to the special meeting.

Accounting Treatment (Page 45)

For accounting and financial reporting purposes, the merger will be accounted for as a purchase of a minority interest , as this term is used under accounting principles generally accepted in the United States of America.

Certain Restrictions on Resale of Liberty Media Series A Common Stock (Page 55)

All shares of Liberty Media Series A common stock received by you in connection with the merger will be freely transferable unless you are considered an affiliate of On Command under the Securities Act of 1933 at the time of the merger or you are an affiliate of Liberty Media. If you are an affiliate of On Command, then you may transfer your shares only pursuant to an effective registration statement or an exemption under the Securities Act. This restriction will generally lapse at the end of one year unless you are an affiliate of Liberty Media.

Differences Between Your Rights as an On Command Stockholder and as a Liberty Media Stockholder (Page 58)

There are differences between the rights you have as a holder of On Command common stock and the rights you will have as a holder of Liberty Media Series A common stock.

Exchange of Stock Certificates (Page 51)

Promptly after the merger is completed, you will receive a letter and instructions on how to surrender your On Command stock certificates in exchange for Liberty Media stock certificates. You will need to carefully review and complete these materials and return them as instructed along with your stock certificates for On Command common stock. Please do not send On Command, Liberty Media or their transfer agents any stock certificates until you receive these instructions. **If you hold On Command common stock and you elect to exercise your appraisal rights, you should follow the procedures outlined in the Appraisal Rights of Dissenting Stockholders section on page 55.**

Listing of Liberty Media Series A Common Stock

Liberty Media has agreed to list the shares of Liberty Media Series A common stock to be issued in connection with the merger on the New York Stock Exchange.

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SELECTED SUMMARY FINANCIAL INFORMATION

Liberty Media

The following table provides you with selected historical consolidated financial data of Liberty Media. From August 1994 to March 1999 Liberty Media was a wholly-owned subsidiary of Tele-Communications, Inc. (TCI). On March 9, 1999, AT&T Corp. (AT&T) acquired TCI in a merger transaction. For financial reporting purposes, the merger of AT&T and TCI is deemed to have occurred on March 1, 1999. In connection with that merger, the assets and liabilities of Liberty Media were adjusted to their respective fair values pursuant to the purchase method of accounting. For periods prior to March 1, 1999, the assets and liabilities of Liberty Media and the related consolidated results of operations are referred to below as Old Liberty, and for periods subsequent to February 28, 1999, the assets and liabilities of Liberty Media and the related consolidated results of operations are referred to as New Liberty. Also, in connection with that merger, TCI effected an internal restructuring as a result of which certain assets and approximately $5.5 billion in cash were contributed to Liberty Media. On August 10, 2001, AT&T effected a split-off of Liberty Media and as a result of that transaction, Liberty Media is no longer a subsidiary of AT&T. Liberty Media derived historical consolidated financial data from its consolidated financial statements. It is important that when you read this information, you read along with it the consolidated financial statements and accompanying notes of Liberty Media incorporated by reference into this proxy statement/ prospectus. For a list of documents incorporated by reference into this proxy statement/ prospectus, see Where You Can Find More Information, on page 13.

	New Liberty					Old Liberty
		December 31,				
	June 30, 2003	2002	2001	2000	1999	December 31, 1998
	(unaudited)					
		amounts in millions				
Summary Balance Sheet Data:						
Investment in affiliates	$ 7,952	7,390	10,076	20,464	15,922	3,079
Investments in available-for-sale securities and other cost investments	$19,817	14,369	21,152	16,774	27,906	10,539
Total assets	$46,325	39,685	48,539	54,268	58,658	15,783
Long-term debt	$ 6,390	4,316	4,764	5,269	2,723	1,912
Stockholders equity	$26,850	24,682	30,123	34,109	38,408	8,820

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	New Liberty						Old Liberty	
	Six months ended June 30,		Years ended December 31,			Ten months ended December 31,	Two months ended February 28,	Year ended December 31,
	2003	2002	2002	2001	2000	1999	1999	1998
	(unaudited)	(unaudited)	amounts in millions, except per share amounts					
Summary Statement of Operations Data:								
Revenue	$ 1,005	1,023	2,084	2,059	1,526	729	235	1,359
Operating income (loss)(1)	$ (36)	65	(184)	(1,127)	436	(2,214)	(158)	(431)
Share of earnings (losses) of affiliates, net(2)	$ 91	(244)	(453)	(4,906)	(3,485)	(904)	(66)	(1,002)
Nontemporary declines in fair value of investments	$ (27)	(5,134)	(6,053)	(4,101)	(1,463)			
Realized and unrealized gains (losses) on derivative instruments, net	$ (485)	1,574	2,122	(174)	223	(153)		
Gains (losses) on dispositions, net	$ 97	(397)	(415)	(310)	7,340	4	14	2,449
Net earnings (loss)(1)(2)	$ (332)	(4,660)	(5,330)	(6,203)	1,485	(2,021)	(70)	622
Basic and diluted net earnings (loss) per common share(3)	$ (0.12)	(1.80)	(2.06)	(2.40)	0.57	(0.78)	(0.03)	0.24

(1) Effective January 1, 2002, Liberty Media adopted Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* (Statement 142), which among other matters, provides that goodwill and other indefinite-lived assets no longer be amortized. Amortization expense for such assets aggregated $627 million, $598 million and $438 million for the years ended December 31, 2001 and 2000 and the ten months ended December 31, 1999, respectively, and was not significant in prior periods.

(2) Included in share of losses of affiliates are other-than-temporary declines in value aggregating $148 million, $2,396 million and $1,324 million for the years ended December 31, 2002, 2001, and 2000, respectively. In addition, share of losses of affiliates includes excess basis amortization of $798 million, $1,058 million and $463 million for the years ended December 31, 2001 and 2000 and the ten months ended December 31, 1999, respectively. Pursuant to Statement 142, excess costs that are considered equity method goodwill are no longer amortized, but are evaluated for impairment under APB Opinion No. 18.

(3) The basic and diluted net earnings (loss) per common share for periods prior to Liberty Media s split off from AT&T is based upon 2,588 million shares of Liberty Media Series A and Series B common stock issued upon consummation of the split-off.

On Command

The following table provides you with selected historical consolidated financial data of On Command. The financial data in the following table is derived from the consolidated financial statements of On Command. It is important that you read this information along with the consolidated financial statements and accompanying notes of On Command and the related Management s Discussion and Analysis of Financial Condition and Results of Operations, included elsewhere in this proxy statement/ prospectus.

	Six months ended June 30,		Years ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
	(unaudited)	(unaudited)	(amounts in thousands, except per share data)				
Consolidated Statement of Operations Data:							
Total revenue	$116,272	118,382	238,397	239,409	265,380	252,948	238,820
Net loss(1)	$ (16,400)	(22,210)	(42,607)	(85,716)	(39,043)	(29,394)	(25,966)
Basic and diluted net loss per share	$ (0.68)	(0.85)	(1.64)	(2.92)	(1.28)	(0.97)	(0.86)
Basic and diluted weighted average number of common shares outstanding	30,858	30,899	30,917	30,797	30,483	30,222	30,150

	June 30, 2003	December 31, 2002	2001	2000	1999	1998
	(unaudited)	(amounts in thousands)				
Consolidated Balance Sheet Data:						
Total assets	$377,379	396,482	433,038	439,294	402,917	402,968
Long-term debt(2)	$ 28	261,946	264,761	248,465	181,758	163,013
Redeemable securities	$104,845	100,181	93,310			
Total stockholders equity (deficit)	$ (34,165)	(16,833)	33,234	125,057	164,147	190,005

(1) The 2002 net loss includes impairment of cost investments of $6.1 million. The 2001 net loss includes impairment of cost investments of $19.6 million, relocation and restructuring expenses of $17.0 million and a loss on litigation settlement of $3.7 million. The 2000 net loss includes a loss on litigation settlement of $4.8 million.

(2) Prior to June 30, 2003, On Command reached agreement with its bank lenders to postpone until October 1, 2003, a step down of the leverage ratio covenant of its bank facility. In the absence of this postponement, On Command would not have been in compliance with the leverage ratio covenant at June 30, 2003. At June 30, 2003, On Command had $265.6 million of borrowings outstanding under its bank facility, which has been classified as a current liability in On Command s June 30, 2003 consolidated balance sheet. On September 30, 2003, On Command received an unsecured, subordinated $40 million loan from Liberty Media and used the proceeds therefrom to repay principal under the bank facility. On the same day, On Command closed the Amended and Restated Credit Agreement entered into among On Command and the lenders under its bank facility. The Amended and Restated Credit Agreement is a $235 million senior secured credit facility consisting of a $50 million revolving credit facility and a $185 million term loan facility. At September 30, 2003, On Command had an aggregate of $228.1 million of borrowings under the Amended and Restated Credit Agreement, consisting of $182.5 million of borrowings under the term loan facility and $45.6 million of borrowings under the revolving credit facility, with $4.4 million of undrawn commitments available under the revolving credit facility. For additional information regarding the subordinated loan and the Amended and Restated Credit Agreement, please see the sections entitled The Companies Involved in the Merger On Command Recent Developments, on page 23 and Certain Related Party Transactions Subordinated Loan, on page 85, and for more information regarding

the old bank facility and the amendments thereto, see the sections entitled The Merger Background of the Merger, on page 27 and

Management s Discussion and Analysis of Financial Condition and Results of Operations, Six months ended June 30, 2003 and 2002, on page F-2.

Unaudited Comparative Per Share Data

The table below provides you with Liberty Media s and On Command s historical per share information as of and for the six months ended June 30, 2003 and as of and for the year ended December 31, 2002. It is important that when you read this information, you read along with it the consolidated financial statements and accompanying notes of Liberty Media incorporated by reference into this proxy statement/ prospectus. It is also important that when you read this information, you read along with it the consolidated financial statements and accompanying notes of On Command, which are included elsewhere in this proxy statement/ prospectus.

	Liberty Media	On Command Historical	Liberty Media Pro Forma	On Command Pro Forma Equivalent(5)
Book value per common share as of:				
June 30, 2003	$10.00	(1.11)	10.00 (1)	1.66
December 31, 2002	$ 9.18	(0.55)	9.18 (2)	1.52
Basic and diluted loss attributable to common shareholders per common share:				
Six months ended June 30, 2003	$ (0.12)	(0.68)	(0.12)(3)	(0.02)
Year ended December 31, 2002	$ (2.06)	(1.64)	(2.06)(4)	(0.34)

(1) The pro forma book value per share is based upon 2,475 million shares of Liberty Media Series A common stock (using a 0.166 exchange ratio) and 212 million shares of Liberty Media Series B common stock. These amounts represent the number of shares that would have been outstanding if the merger of On Command and ONCO Acquisition Co. had been completed on June 30, 2003. As described in the section entitled The Merger Agreement Consideration to be Received in the Merger, on page 48, the exchange ratio is subject to certain adjustments based on the average closing price of Liberty Media Series A common stock for a specified five trading day period.

(2) The pro forma book value per share is based upon 2,479 million shares of Liberty Media Series A common stock (using a 0.166 exchange ratio) and 212 million shares of Liberty Media Series B common stock. These amounts represent the number of shares that would have been outstanding if the merger of On Command and ONCO Acquisition Co. had been completed on December 31, 2002. As described in the section entitled The Merger Agreement Consideration to be Received in the Merger, on page 48, the exchange ratio is subject to certain adjustments based on the average closing price of Liberty Media Series A common stock for a specified five trading day period.

(3) The pro forma basic and diluted loss per share is based upon 2,689 million weighted average shares of Liberty Media Series A (using a 0.166 exchange ratio) and Series B common stock outstanding for the six months ended June 30, 2003. This amount represents the number of weighted average shares that would have been outstanding if the merger of On Command and ONCO Acquisition Co. had been completed on January 1, 2002. As described in the section entitled The Merger Agreement Consideration to be Received in the Merger, on page 48, the exchange ratio is subject to certain adjustments based on the average closing price of Liberty Media Series A common stock for a specified five trading day period.

(4) The pro forma basic and diluted loss per share is based upon 2,592 million weighted average shares of Liberty Media Series A (using a 0.166 exchange ratio) and Series B common stock outstanding for the year ended December 31, 2002. This amount represents the number of weighted average shares that would have been outstanding if the merger of On Command and ONCO Acquisition Co. had been completed on January 1, 2002. As described in the section entitled The Merger Agreement Consideration to be Received in the Merger, on page 48, the exchange ratio is subject to certain

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adjustments based on the average closing price of Liberty Media Series A common stock for a specified five trading day period.

(5) The On Command pro forma equivalents have been determined by multiplying the Liberty Media pro forma amounts by the exchange ratio of 0.166 of a share of Liberty Media Series A common stock for each share of On Command common stock outstanding. As described in the section entitled The Merger Agreement Consideration to be Received in the Merger, on page 48, the exchange ratio is subject to certain adjustments based on the average closing price of Liberty Media Series A common stock for a specified five trading day period.

Comparative Per Share Market Price and Dividend Information

Shares of Liberty Media Series A common stock are traded on the New York Stock Exchange. Public trading of Liberty Media Series A common stock commenced on August 10, 2001, the date of Liberty Media s split off from AT&T, under the symbol LMCA . On January 2, 2002, the trading symbol for the Liberty Media Series A common stock on the New York Stock Exchange was changed to L . Through February 5, 2003, shares of On Command common stock were traded on the National Market System of The Nasdaq Stock Market, Inc. under the symbol ONCO . As of February 6, 2003, shares of On Command common stock ceased to be included on Nasdaq and became eligible for quotation on the OTC Bulletin Board under the same symbol. The OTC Bulletin Board is a regulated quotation service and is not a national securities exchange. Historically, shares of On Command common stock have had low trading volume due to a relatively low number of shares held in the public float.

The following table sets forth, for the fiscal quarters indicated, the following:

the range of high and low sales prices in U.S. dollars of shares of On Command common stock on the Nasdaq National Market in 2002 and until On Command s securities ceased to be included on the Nasdaq National Market in 2003, and the range of high and low bid prices in U.S. dollars of shares of On Command common stock on the OTC Bulletin Board after On Command s securities ceased to be included on the Nasdaq National Market (the OTC Bulletin Board prices are interdealer prices, do not include retail markups, markdowns, or commissions and may not represent actual transactions); and

the range of high and low sales prices in U.S. dollars of shares of Liberty Media Series A common stock, as reported on the New York Stock Exchange Composite Transaction Tape.

	On Command Common Stock		Liberty Media Series A Common Stock	
	High	**Low**	**High**	**Low**
Year Ended December 31, 2002				
First quarter	$8.00	2.84	15.03	11.90
Second quarter	$5.68	1.35	12.80	7.70
Third quarter	$2.00	0.45	9.60	6.16
Fourth quarter	$0.96	0.30	10.75	6.29
Year Ended December 31, 2003				
First quarter (through February 5, 2003)	$0.90	0.51	10.38	9.00
(February 6 through March 31, 2003)	$1.05	0.65	10.25	8.45
Second quarter	$1.30	0.60	12.25	9.52
Third quarter	$2.05	0.65	12.27	9.86
Fourth quarter (through October 30, 2003)	$1.87	1.76	10.64	9.81

Liberty Media s and On Command s fiscal year ends on December 31 of each year. Cash dividends have never been paid with respect to Liberty Media or On Command common stock. It is the current intention of Liberty Media to retain future earnings to finance operations and expand its business. Liberty Media does not anticipate paying any dividends on its common stock in the foreseeable future.

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The following table sets forth the closing bid price per share of On Command common stock as reported on the OTC Bulletin Board, and the closing price per share of Liberty Media Series A common stock as reported on the New York Stock Exchange Composite Transaction Tape, on:

September 9, 2003, the last full trading day prior to the public announcement of the merger; and

October 30, 2003, the last full trading day for which closing prices were available prior to the date of this proxy statement/ prospectus.

The table also presents, under the heading Equivalent Per Share Price, an amount equal to the closing price of a share of Liberty Media Series A common stock on the applicable date multiplied by 0.166, which is the fraction of a share of Liberty Media Series A common stock to be issued in the merger for each share of On Command common stock. As described in the section entitled The Merger Agreement Consideration to be Received in the Merger, on page 48, the exchange ratio is subject to certain adjustments based on the average closing price of Liberty Media Series A common stock for a specified five trading day period. These equivalent per share prices reflect the market value of the Liberty Media Series A common stock you would have received for each of your shares of On Command common stock if the merger had been completed on the specified dates and if the exchange ratio remained at 0.166 (the impact of the exchange ratio adjustments is detailed in the footnotes to the table below). Because the market price of Liberty Media Series A common stock may increase or decrease before the merger is completed, we urge you to obtain current market quotations.

Dates	On Command Common Stock	Liberty Media Series A Common Stock	Equivalent Per Share Price
September 9, 2003	$0.95	$11.85	$1.97(1)
October 30, 2003	$1.76	$10.15	$1.69(2)

(1) If the exchange ratio used in this calculation were to be determined under the formula set forth in the merger agreement, then based on the average closing price of Liberty Media Series A common stock for the five trading days ending on the third trading day prior to September 9, 2003 ($12.09), the exchange ratio would have remained at 0.166 if the closing had occurred on September 9, 2003.

(2) If the exchange ratio used in this calculation were to be determined under the formula set forth in the merger agreement, then based on the average closing price of Liberty Media Series A common stock for the five trading days ending on the third trading day prior to October 30, 2003 ($9.94), the exchange ratio would have been adjusted to 0.190 if the closing had occurred on October 30, 2003, unless Liberty Media had agreed to adjust the exchange ratio to .191. Please see page 48 of this proxy statement/ prospectus for a description of On Command s termination right and Liberty Media s right to increase the exchange ratio in a circumstance such as this when the average closing price over the relevant period is less than $10.00 per share.

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WHERE YOU CAN FIND MORE INFORMATION

Liberty Media (File No. 000-20421) and On Command (File No. 000-21315) each file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information Liberty Media and On Command file at the Securities and Exchange Commission s public reference room at the following location:

Public Reference Room

450 Fifth Street, N.W.
Room 1024
Washington, D.C. 20549

Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference rooms. The Securities and Exchange Commission also maintains an internet site that contains reports, proxy statements and other information regarding Liberty Media and On Command. The address of the Securities and Exchange Commission website is www.sec.gov. Information contained on any web site referenced in this proxy statement/ prospectus is not incorporated by reference in this proxy statement/ prospectus. Liberty Media s and On Command s Securities and Exchange Commission filings are also available to the public from commercial document retrieval services. Liberty Media filed a registration statement on Form S-4 to register with the Securities and Exchange Commission its Series A common stock to be issued to On Command stockholders in the merger. This proxy statement/ prospectus is a part of that registration statement. As allowed by Securities and Exchange Commission rules, this proxy statement/ prospectus does not contain all the information you can find in the registration statement or the exhibits to the registration statement.

Securities and Exchange Commission rules allow Liberty Media to incorporate by reference information into this proxy statement/ prospectus, which means that we can disclose important information to you by referring you to other documents filed separately with the Securities and Exchange Commission. The information incorporated by reference is an important part of this proxy statement/ prospectus and is deemed to be a part of this proxy statement/ prospectus, except for any information superseded or modified by information contained directly in this proxy statement/ prospectus or in any subsequently filed document that also is, or is deemed to be, incorporated by reference herein. This proxy statement/ prospectus incorporates by reference the documents set forth below that have previously been filed with the Securities and Exchange Commission. These documents contain important information about Liberty Media and its financial condition.

The following documents filed by Liberty Media are hereby incorporated by reference into this proxy statement/ prospectus:

Annual Report on Form 10-K for the year ended December 31, 2002, filed on March 25, 2003, as amended by Amendment No. 1 to the Annual Report on Form 10-K/A filed on April 9, 2003;

Quarterly Report on Form 10-Q for the three months ended March 31, 2003, filed on May 14, 2003;

Quarterly Report on Form 10-Q for the six months ended June 30, 2003, filed on August 13, 2003;

Current Reports on Form 8-K, filed on March 3, 2003, April 11, 2003, May 7, 2003, July 8, 2003, September 10, 2003, September 18, 2003 (as amended by the Form 8-K/A, filed on September 24, 2003) and September 23, 2003; and

The description of Liberty Media s capital stock contained in Annex A to its Form 8-A filed under the Securities Exchange Act of 1934 on July 24, 2001, and any amendment or report filed for the purpose of updating this description.

All documents filed by Liberty Media pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, subsequent to the date of this proxy statement/ prospectus and prior to the termination of the offering and any reoffering of the securities offered hereby are incorporated by reference into and are deemed to be a part of this proxy statement/ prospectus from the date of filing of those documents.

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You may request a copy of any and all of the documents incorporated by reference in this proxy statement/ prospectus at no cost, by writing or telephoning Liberty Media at:

Investor Relations

Liberty Media Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112
Telephone: (877) 772-1518

To obtain timely delivery of requested documents prior to the special stockholders meeting, you must request the incorporated information no later than *November 28, 2003, which is five business days prior to the meeting.*

This proxy statement/ prospectus incorporates by reference documents of Liberty Media that include information concerning On Command, Liberty Satellite, OpenTV Corp., and UnitedGlobalCom, Inc., among other public companies. All of these companies file reports and other information with the Securities and Exchange Commission in accordance with the requirements of the Securities Act of 1933 and the Securities Exchange Act of 1934. Information incorporated by reference into this proxy statement/ prospectus concerning those companies has been derived from the reports and other information filed by them with the Securities and Exchange Commission. Except as otherwise specifically provided for herein, those reports and other information are not incorporated by reference into this proxy statement/ prospectus. You may read and copy any reports and other information filed by those companies with the Securities and Exchange Commission as set forth above.

You should rely only on the information contained in or incorporated by reference in this section into the proxy statement/ prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this proxy statement/ prospectus. This proxy statement/ prospectus is dated October 31, 2003. You should not assume that the information contained in this proxy statement/ prospectus is accurate as of any date other than that date, and neither the mailing of this proxy statement/ prospectus to stockholders nor the issuance of Liberty Media Series A common stock in the merger shall create any implication to the contrary.

On Command has supplied all information contained in this proxy statement/ prospectus relating to On Command.

Liberty Media has supplied all information contained or incorporated by reference in this proxy statement/ prospectus relating to Liberty Media.

This proxy statement/ prospectus may also be used as a prospectus for the resale by affiliates of On Command of shares of Liberty Media Series A common stock acquired in the merger. Any such resale would be reflected in a supplement to this proxy statement/ prospectus or a post-effective amendment of the registration statement, as appropriate.

If you have any questions about the proposed merger or the special meeting, please call On Command s Investor Relations Department at (720) 873-3640.

RISK FACTORS

If you hold your shares of On Command common stock on the date of the merger and do not properly exercise your appraisal rights, you will receive shares of Liberty Media Series A common stock and will become a stockholder of Liberty Media. An investment in our securities involves risk. You should carefully consider the following factors, as well as the other information included in this proxy statement/ prospectus and in the documents we have incorporated by reference, before deciding whether to vote in favor of the merger. Any of the following risks could have a material adverse effect on the value of our securities.

All references in these risk factors to we , us , our , our company or similar references are to Liberty Media.

Risk Factors Relating to the Merger

The quotations for On Command s common stock on the OTC Bulletin Board may not adequately represent the market value of such shares.

Effective with the open of business on February 6, 2003, The Nasdaq Stock Market terminated the listing of On Command common stock on The Nasdaq National Market as a result of On Command s failure to maintain a $1.00 per share minimum bid price for its common stock. As a result, On Command common stock became available for quotation on the OTC Bulletin Board on February 6, 2003. The OTC Bulletin Board is a regulated quotation service and is not a national securities exchange. Historically, the over-the-counter market is generally considered a less efficient market than The Nasdaq National Market and since On Command s securities have been delisted from The Nasdaq National Market, its common stock has had low trading volume and there have been trading days where no sales of On Command common stock have occurred. Consequently, the quotations of On Command common stock on the OTC Bulletin Board may not adequately represent the market value of such shares and thus comparing the prices of our Series A common stock to On Command stock quotations on the OTC Bulletin Board may not be a reliable indicator of the relative values of such securities.

The price of our Series A common stock may be affected by factors different from those affecting the price of On Command common stock.

If the merger is completed, you will become a holder of our Series A common stock. Our businesses are much broader than the businesses of On Command, and the results of our operations, as well as the market price of our Series A common stock, may be affected by factors different from those affecting On Command s results of operations and the market price of On Command common stock. As a result, factors that had little or no effect on the price of On Command common stock may adversely affect the price of our Series A common stock.

Risk Factors Relating to Our Company

We depend on a limited number of potential customers for carriage of our programming services.

The cable television and direct-to-home satellite industries are currently undergoing a period of consolidation. As a result, the number of potential buyers of our programming services and those of our business affiliates is decreasing. In this more concentrated market, there can be no assurance that our owned and affiliated program suppliers will be able to obtain carriage of their programming services by distributors on commercially reasonable terms or at all.

The liquidity and value of our interests in our business affiliates may be adversely affected by stockholder agreements and similar agreements to which we are a party.

We own equity interests in a broad range of domestic and international video programming and communications businesses. A significant portion of the equity interests we own is held pursuant to stockholder agreements, partnership agreements and other instruments and agreements that contain provisions that affect the liquidity, and therefore the realizable value, of those interests. Most of these agreements subject

the transfer of the stock, partnership or other interests constituting equity interests to consent rights or rights of first refusal of the other stockholders or partners. In certain cases, a change in control of our company or of the subsidiary holding our equity interest will give rise to rights or remedies exercisable by other stockholders or partners, such as a right to initiate or require the initiation of buy/sell procedures. Some of our subsidiaries and business affiliates are parties to loan agreements that restrict changes in ownership of the borrower without the consent of the lenders. All of these provisions will restrict our ability to sell those equity interests and may adversely affect the price at which those interests may be sold. For example, in the event buy/sell procedures are initiated at a time when we are not in a financial position to buy the initiating party s interest, we could be forced to sell our interest at a price based upon the value established by the initiating party, and that price might be significantly less than what we might otherwise obtain.

We do not have the right to manage our business affiliates, which means we cannot cause those affiliates to operate in a manner that is favorable to us.

We do not have the right to manage the businesses or affairs of any of our business affiliates in which we have less than a majority voting interest. Rather, our rights may take the form of representation on the board of directors or a partners or similar committee that supervises management or possession of veto rights over significant or extraordinary actions. The scope of our veto rights varies from agreement to agreement. Although our board representation and veto rights may enable us to exercise influence over the management or policies of an affiliate and enable us to prevent the sale of material assets by a business affiliate in which we own less than a majority voting interest or prevent it from paying dividends or making distributions to its stockholders or partners, they do not enable us to cause these actions to be taken.

Our business is subject to risks of adverse government regulation.

Programming services, cable television systems, and satellite carriers are subject to varying degrees of regulation in the United States by the Federal Communications Commission and other entities. Such regulation and legislation are subject to the political process and have been in constant flux over the past decade. In addition, substantially every foreign country in which we have, or may in the future make, an investment regulates, in varying degrees, the distribution and content of programming services and foreign investment in programming companies and wireline and wireless cable communications, satellite and telephony services. Further material changes in the law and regulatory requirements must be anticipated, and there can be no assurance that our business and the business of our affiliates will not be adversely affected by future legislation, new regulation or deregulation.

We may make significant capital contributions and loans to our subsidiaries and business affiliates to cover their operating losses and fund their development and growth, which could limit the amount of cash available to pay our own financial obligations or to make acquisitions or investments.

The development of video programming, communications and technology businesses involves substantial costs and capital expenditures. As a result, many of our business affiliates have incurred operating and net losses to date and are expected to continue to incur significant losses for the foreseeable future. Our results of operations include our, and our consolidated subsidiaries , share of the net losses of affiliates. Our results of operations included net earnings (losses) attributable to affiliates of $91 million, $(244) million, $(453) million, $(4,906) million and $(3,485) million for the six months ended June 30, 2003 and 2002, and for the years ended December 31, 2002, 2001 and 2000, respectively.

We have assisted, and may in the future assist, our subsidiaries and business affiliates in their financing activities by guaranteeing bank and other financial obligations. At June 30, 2003, we and our consolidated subsidiaries in the aggregate had guaranteed various loans, notes payable, letters of credit and other obligations of certain of our subsidiaries and business affiliates totaling approximately $966 million.

To the extent we make loans and capital contributions to our subsidiaries and business affiliates or we are required to expend cash due to a default by a subsidiary or business affiliate of any obligation we guarantee, there will be that much less cash available to us with which to pay our own financial obligations or make acquisitions or investments.

If we fail to meet required capital calls to a subsidiary or business affiliate, we could be forced to sell our interest in that company, our interest in that company could be diluted or we could forfeit important rights.

We are parties to stockholder and partnership agreements that provide for possible capital calls on stockholders and partners. Our failure to meet a capital call, or other commitment to provide capital or loans to a particular subsidiary or business affiliate, may have adverse consequences to us. These consequences may include, among others, the dilution of our equity interest in that company, the forfeiture of our right to vote or exercise other rights, the right of the other stockholders or partners to force us to sell our interest at less than fair value, the forced dissolution of the company to which we have made the commitment or, in some instances, a breach of contract action for damages against us. Our ability to meet capital calls or other capital or loan commitments is subject to our ability to access cash. See We could be unable in the future to obtain cash in amounts sufficient to service our financial obligations below.

Those of our business affiliates that operate outside of the United States are subject to numerous operational risks.

A number of our business affiliates operate primarily in countries other than the United States. Their businesses are thus subject to the following inherent risks:

- fluctuations in currency exchange rates;
- longer payment cycles for sales in foreign countries that may increase the uncertainty associated with recoverable accounts;
- difficulties in staffing and managing international operations; and
- political unrest that may result in disruptions of services that are critical to their businesses.

The economies in many of the operating regions of our international business affiliates have recently experienced recessionary conditions, which have adversely affected the financial condition of their businesses.

The economies in many of the operating regions of our international business affiliates have recently experienced moderate to severe recessionary conditions, including Argentina, Chile, the United Kingdom, Germany and Japan, among others, which has strained consumer and corporate spending and financial systems and financial institutions in these areas. As a result, our affiliates have experienced a reduction in consumer spending and demand for services coupled with an increase in borrowing costs, which has, in some cases, caused our affiliates to default on their own indebtedness. We cannot assure you that these economies will recover in the future or that continued economic weakness will not lead to further reductions in consumer spending or demand for services. We also cannot assure you that our affiliates in these regions will be able to obtain sufficient capital or credit to fund their operations.

We have taken significant impairment charges due to other than temporary declines in the market value of certain of our available for sale securities.

We own equity interests in a significant number of publicly traded companies which we account for as available for sale securities. We are required by accounting principles generally accepted in the United States to determine, from time to time, whether a decline in the market value of any of those investments below our cost for that investment is other than temporary. If we determine that the decline is other than temporary, we are required to write down our cost to a new cost basis, with the amount of the write-down accounted for as a realized loss in the determination of net income for the period in which the write-down occurs. We realized losses of $27 million, $5,134 million, $6,053 million, $4,101 million and $1,463 million for the six months ended June 30, 2003 and 2002 and the years ended December 31, 2002, 2001 and 2000, respectively, due to

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other than temporary declines in the fair value of certain of our available for sale securities, and we may be required to realize further losses of this nature in future periods. We consider a number of factors in determining the fair value of an investment and whether any decline in an investment is other than temporary. As our assessment of fair value and any resulting impairment losses requires a high degree of judgment and includes significant estimates and assumptions, the actual amount we may eventually realize for an investment could differ materially from our assessment of the value of that investment made in an earlier period.

We could be unable in the future to obtain cash in amounts sufficient to service our financial obligations.

Our ability to meet our financial obligations depends upon our ability to access cash. We are a holding company, and our sources of cash include our available cash balances, net cash from operating activities, dividends and interest from our investments, availability under credit facilities, monetization of our public investment portfolio and proceeds from asset sales. We cannot assure you that we will maintain significant amounts of cash, cash equivalents or marketable securities in the future.

We obtained from Liberty Satellite net cash in the form of dividends in the amount of $8 million, $23 million and $5 million in calendar years 2002, 2001 and 2000, respectively. We did not obtain any cash from our subsidiaries during the six months ended June 30, 2003. The ability of our operating subsidiaries to pay dividends or to make other payments or advances to us depends on their individual operating results and any statutory, regulatory or contractual restrictions to which they may be or may become subject. Some of our subsidiaries are subject to loan agreements that restrict sales of assets and prohibit or limit the payment of dividends or the making of distributions, loans or advances to stockholders and partners.

We generally do not receive cash, in the form of dividends, loans, advances or otherwise, from our business affiliates. In this regard, we do not have sufficient voting control over most of our business affiliates to cause those companies to pay dividends or make other payments or advances to their partners or stockholders, including us.

We are subject to bank credit agreements that contain restrictions on how we finance our operations and operate our business, which could impede our ability to engage in transactions that would be beneficial to us.

Our subsidiaries are subject to significant financial and operating restrictions contained in outstanding credit facilities. These restrictions will affect, and in some cases significantly limit or prohibit, among other things, the ability of our subsidiaries to:

- borrow more funds;
- pay dividends or make other distributions;
- make investments;
- engage in transactions with affiliates; or
- create liens.

The restrictions contained in these credit agreements could have the following adverse effects on us, among others:

- we could be unable to obtain additional capital in the future to:
  - fund capital expenditures or acquisitions that could improve the value of our company;
  - permit us to meet our loan and capital commitments to our business affiliates;
  - allow us to help fund the operating losses or future development of our business affiliates; or
  - allow us to conduct necessary corporate activities;

we could be unable to access the net cash of our subsidiaries to help meet our own financial obligations;

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- we could be unable to invest in companies in which we would otherwise invest; and

- we could be unable to obtain lower borrowing costs that are available from secured lenders or engage in advantageous transactions that monetize our assets.

In addition, some of the credit agreements to which our subsidiaries are parties require them to maintain financial ratios, including ratios of total debt to operating cash flow and operating cash flow to interest expense. If our subsidiaries fail to comply with the covenant restrictions contained in the credit agreements, that failure could result in a default that accelerates the maturity of the indebtedness under those agreements. Such a default could also result in indebtedness under other credit agreements and certain debt securities becoming due and payable due to the existence of cross-default or cross-acceleration provisions of these credit agreements and in the indentures governing these debt securities.

As of June 30, 2003, the subsidiary of our company that operates the DMX Music service was not in compliance with three covenants contained in its bank loan agreement, under which it has $89 million outstanding. Although the subsidiary and the participating banks have entered into a forbearance agreement whereby the banks have agreed to forbear from exercising certain default-related remedies against the subsidiary through March 31, 2004, we cannot assure you that the subsidiary will be able to regain covenant compliance or refinance the bank loan or that the banks will not eventually seek to exercise their remedies.

Risks Relating to our Series A Common Stock

Our stock price may decline significantly because of stock market fluctuations that affect the prices of the public companies in which we have ownership interests.

The stock market has recently experienced significant price and volume fluctuations that have affected the market prices of securities of media and other technology companies. We own equity interests in many media and technology companies. If market fluctuations cause the stock price of these companies to decline, our stock price may decline.

Our stock price has fluctuated significantly over the last year.

During the past year, the stock market has experienced significant price and volume fluctuations that have affected the market prices of our stock. In the future, our stock price may be materially affected by, among other things:

- actual or anticipated fluctuations in our operating results or those of the companies in which we invest;

- potential acquisition activity by our company or the companies in which we invest;

- issuances of debt or equity securities by us to raise capital;

- changes in financial estimates by securities analysts regarding our company or companies in which we invest; or

- general market conditions.

It may be difficult for a third party to acquire us, even if doing so may be beneficial to our stockholders.

Certain provisions of our certificate of incorporation and bylaws may discourage, delay or prevent a change in control of our company that a stockholder may consider favorable. These provisions include the following:

- authorizing a dual class structure, which entitles the holders of our Series B common stock to ten votes per share and the holders of our Series A common stock to one vote per share;

- authorizing the issuance of blank check preferred stock that could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt;

classifying our board of directors with staggered three-year terms, which may lengthen the time required to gain control of our board of directors;

limiting who may call special meetings of stockholders;

prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of the stockholders; and

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

Our chairman, John C. Malone, holds the power to direct the vote of approximately 44% of our outstanding voting power, including the power to direct the vote of approximately 94% of the outstanding shares of our Series B common stock. Dr. Malone holds a portion of his voting power over our Series B common stock pursuant to a stockholders agreement with the Estate of Bob Magness, the late Kim Magness, Gary Magness and certain limited liability companies controlled by Gary Magness and the Estate of Kim Magness.

Section 203 of the Delaware corporate statute and our stock incentive plan may also discourage, delay or prevent a change in control of our company even if such change of control would be in the best interests of our stockholders.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this proxy statement/ prospectus, including documents incorporated by reference herein, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. To the extent that such statements are not recitations of historical fact, such statements constitute forward-looking statements which, by definition, involve risks, uncertainties and assumptions. When used in this proxy statement/ prospectus and in our incorporated documents, the words believe, anticipate, intend, estimate, expect and similar expressions are intended to identify forward-looking statements, although no forward-looking statements contain such words. 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 statement of expectation or belief will result or be achieved or accomplished. Forward-looking statements include, among other things, the factors described above under the Risk Factors section of this proxy statement/ prospectus and the following factors that could cause actual results or events to differ materially from those anticipated:

general economic and business conditions and industry trends;

spending on domestic and foreign television advertising;

the regulatory and competitive environment of the industries in which we, and the entities in which we have interests, operate;

continued consolidation of the broadband distribution industry;

uncertainties inherent in new business strategies, new product launches and development plans;

rapid technological changes;

the acquisition, development and/or financing of telecommunications networks and services;

the development and provision of programming for new television and telecommunications technologies;

future financial performance, including availability, terms and deployment of capital;

the ability of vendors to deliver required equipment, software and services;

the outcome of any pending or threatened litigation;

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- availability of qualified personnel;
- changes in, or our 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 and joint venturers;
- competitor responses to our products and services, and the products and services of the entities in which we have interests, and the overall market acceptance of these products and services; and
- actual or threatened terrorist attacks and ongoing military action, including armed conflict in the Middle East and other parts of the world.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this proxy statement/ prospectus. 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.

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THE COMPANIES INVOLVED IN THE MERGER

Liberty Media

Liberty Media is a holding company which, through its ownership of interests in subsidiaries and other entities, is engaged in (i) the production, acquisition and distribution through all available formats and media of branded entertainment, educational and informational programming and software, including multimedia products, (ii) electronic retailing, direct marketing, advertising sales related to programming services, infomercials and transaction processing, (iii) international cable television distribution, telephony and programming, (iv) satellite communications, and (v) investments in wireless domestic telephony and other technology ventures. Liberty Media and its affiliated companies operate in the United States, Europe, South America and Asia with some of the world s most recognized and respected brands, including QVC, Encore, STARZ!, Discovery, IAC/InterActiveCorp, Court TV and Sprint PCS. For more detailed information on the business of Liberty Media, please see the section entitled Where You Can Find More Information, on page 13 of this proxy statement/ prospectus.

On Command

General. On Command, together with its subsidiaries, is a leading provider (in terms of revenue and number of rooms served) of in-room entertainment and information services to hotels, motels and resorts. At June 30, 2003, On Command provided in-room entertainment services to approximately 885,000 hotel rooms. Approximately 89% of On Command s total equipped rooms at June 30, 2003 were located in the United States, with the balance located primarily in Canada and Mexico. The majority of On Command s domestic operations are conducted through its primary subsidiary, On Command Video Corporation. A hotel, motel or resort is collectively referred to as a hotel. For additional information with respect to On Command, see the section entitled Business of On Command on page 63.

History. On Command Corporation is a Delaware corporation formed in July 1996. At all relevant times since its formation, it has been a majority-owned subsidiary of Ascent Entertainment Group, Inc. On March 28, 2000, Liberty Media closed a cash tender offer for the common stock of Ascent Entertainment, and thereby obtained control of On Command. On June 8, 2000, Liberty Media completed a merger with Ascent Entertainment pursuant to which Ascent Entertainment became an indirect, wholly owned subsidiary of Liberty Media. As a result of the foregoing transactions, Liberty Media acquired beneficial ownership of the 17,159,207 shares of On Command common stock then held by Ascent Entertainment.

During 2001, Ascent Entertainment purchased 2,244,155 shares of On Command s common stock from On Command s former Chairman of the Board and Chief Executive Officer, and Liberty Media board member, Jerome H. Kern. This transaction is described in the section entitled Certain Related Party Transactions Issuance of Series A Preferred Stock and Common Stock Repurchase, on page 85 of this proxy statement/ prospectus. Also during 2001, On Command issued to Ascent Entertainment Series B Cumulative Redeemable Preferred Stock, par value $.01 per share, Series C Cumulative Redeemable Preferred Stock, par value $.01 per share, and Series D Cumulative Convertible Redeemable Preferred Stock, par value $.01 per share, in exchange for aggregate net cash proceeds of $84,926,000. The Certificate of Designation of the Series D Preferred Stock provides that, effective January 1, 2003, Ascent Entertainment is entitled to vote the Series D Preferred Stock on an as-converted basis on all matters that holders of On Command common stock are entitled to vote upon. As of September 30, 2003, the aggregate liquidation preference of the Series B, Series C and Series D preferred stock held by Ascent Entertainment was $104,669,426, reflecting the addition to initial liquidation preference of accrued dividends, in accordance with the certificates of designation of such preferred stock. As of September 30, 2003, the 60,000 shares of Series D Preferred Stock held by Ascent Entertainment were convertible at the option of Ascent Entertainment into 9,404,022 shares of On Command common stock. The Series B and Series C preferred stock of On Command are not convertible. For additional information regarding On Command s common and preferred stock, please see the sections entitled Comparison of Stockholder Rights, on page 58 of this proxy statement/ prospectus and Certain Related Party Transactions, on page 85 of this proxy statement/ prospectus.

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In April 2002, Liberty Satellite, a majority-owned subsidiary of Liberty Media, acquired 100% of the common equity of Ascent Entertainment. During the fourth quarter of 2002 and the first quarter of 2003, Liberty Satellite acquired an additional 3,373,812 shares of On Command common stock through open market purchases. As of June 30, 2003, Liberty Satellite owned approximately 74% of the outstanding common stock of On Command, and approximately 80% of the total voting power associated with On Command s equity securities. Accordingly, Liberty Satellite currently has the voting power to control all matters requiring majority approval of On Command s stockholders.

On Command has sustained losses from operations and net losses since inception and, as of June 30, 2003, reported an accumulated deficit of approximately $302,177,000.

Recent Developments. On September 30, 2003, On Command received a $40 million unsecured subordinated loan from Liberty Media, the proceeds of which were used to repay a portion of the outstanding principal amount of loans under On Command s then existing bank credit facility (the Original Revolving Credit Facility). Concurrently On Command closed on an Amended and Restated Credit Agreement that replaced the Original Revolving Credit Facility (the Amended and Restated Credit Agreement). The Original Revolving Credit Facility provided for aggregate borrowings of $275 million, of which $265.6 million had been drawn prior to September 30, 2003, and was due and payable in July 2004.

The Amended and Restated Credit Agreement provides for a $235 million senior secured credit facility, consisting of a $50 million revolving credit facility and a $185 million term loan facility. The term loan is subject to scheduled quarterly amortizations of principal, of which the first payment of $2.5 million was made on September 30, 2003. Both the revolving loan and term loan facilities mature on December 31, 2007. Loans under the Amended and Restated Credit Agreement can be extended as either ABR loans or Eurodollar loans. ABR loans bear interest at the per annum rate equal to the greater of (1) the prime rate and (2) the federal funds rate plus 0.5%, plus, in each case, a spread of between 0.125% and 2.5% depending on On Command s leverage ratio (6.5% effective borrowing rate at September 30, 2003). As of September 30, 2003, there were no ABR loans outstanding. Eurodollar loans bear interest at the London interbank offered rate for U.S. dollar deposits plus a spread of between 1.125% and 3.5% depending on On Command s leverage ratio (4.64% effective borrowing rate at September 30, 2003). In addition, a facility fee ranging from 0.375% to 0.5% per annum is charged on the revolving credit facility depending on On Command s leverage ratio. The Amended and Restated Credit Agreement contains customary covenants and agreements, including restrictions on On Command s ability to pay dividends or make other distributions and covenants to maintain leverage ratios and interest coverage ratios. Substantially all of On Command s assets are pledged as collateral for borrowings under the Amended and Restated Credit Agreement. At September 30, 2003, On Command had an aggregate of $228.1 million of borrowings under the Amended and Restated Credit Agreement, consisting of $182.5 million of borrowings under the term loan facility and $45.6 million of borrowings under the revolving credit facility, with $4.4 million of undrawn commitments available under the revolving credit facility.

The $40 million loan made by Liberty Media is unsecured, bears interest at the rate of 10% per annum and matures on the later of December 31, 2008 and the date that is one year after the maturity date of the Amended and Restated Credit Agreement, as it may be amended, supplemented or otherwise modified from time to time. Pursuant to a subordination agreement between On Command and Liberty Media entered into on September 30, 2003, On Command s obligations with respect to the $40 million loan are subordinated to its obligations to the lenders under the Amended and Restated Credit Agreement and no payments of principal or interest on such loan may be made until all obligations under the Amended and Restated Credit Agreement are indefeasibly paid in full. For additional information see the sections entitled The Merger Background of the Merger on page 27 and Certain Related Party Transactions Subordinated Loan on page 85.

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THE SPECIAL MEETING

General

This proxy statement/ prospectus is first being mailed, on or about November 4, 2003, to all persons who were On Command stockholders of record on October 24, 2003.

On Command stockholders are being provided with a notice of special meeting and a form of proxy card that is solicited by On Command s board of directors for use at the special meeting of On Command stockholders and at any adjournments or postponements of that meeting.

At the special meeting, On Command stockholders will consider and vote upon a proposal to approve the merger agreement, dated as of September 9, 2003, among On Command, Liberty Media and ONCO Acquisition Co., a controlled subsidiary of Liberty Media, pursuant to which Liberty Media would acquire all of the shares of On Command common stock that are not already beneficially owned by Liberty Media and its subsidiaries, including Liberty Satellite.

The special meeting of On Command stockholders will be held at the following time and place:

December 5, 2003

9:00 a.m., local time
On Command Corporate Headquarters
4610 South Ulster Street, 6th Floor
Denver, Colorado 80237

Proxies

On Command stockholders may vote their shares by completing, signing, dating and returning the enclosed proxy card solicited by On Command s board of directors if they are unable to attend the special meeting in person or wish to have their shares of On Command common stock voted by proxy even if they do attend the meeting.

An On Command stockholder may revoke any proxy given in connection with this solicitation by:

- Delivering a written notice revoking the proxy prior to the taking of the vote at the special meeting;
- Delivering a duly executed proxy relating to the same shares bearing a later date; or
- Attending the meeting and voting in person (however, attendance at the special meeting without voting at the meeting will not in and of itself constitute a revocation of a proxy).

On Command stockholders should address all written notices of revocation and other communications with respect to the revocation of proxies to the following:

On Command Corporation

Attention: Corporate Secretary
4610 South Ulster Street, 6th Floor
Denver, Colorado 80237

For a notice of revocation or later proxy to be valid, however, On Command must actually receive it prior to the vote of On Command stockholders at the special meeting. All shares of On Command common stock represented by valid proxies received through this solicitation and not revoked prior to their exercise will be voted (or not voted) in accordance with the voting instructions specified on the proxy card. If no specification is made on the proxy card, shares of On Command common stock represented by valid proxies received and not revoked prior to their exercise will be voted for the adoption of the merger agreement and the approval of the merger and in the best judgment of the proxy holder as to any other matters that properly may come before the special meeting.

On Command is currently unaware of any other matters that may be presented for action at the special meeting. If other matters do properly come before the special meeting, including, among other things, consideration of a motion to adjourn the special meeting to another time and/or place, then shares of On Command common stock represented by proxies will be voted (or not voted) by the persons named in the proxies in their best judgment.

Stockholders should not send in any stock certificates with their proxy cards.

Record Date; Stockholders Entitled to Vote

On Command s board of directors has fixed the close of business on October 24, 2003 as the record date for the determination of On Command stockholders entitled to receive notice of and to vote at On Command s special meeting of stockholders. Accordingly, only On Command stockholders of record at the close of business on October 24, 2003 will be entitled to notice of and to vote at the special meeting.

At the close of business on On Command s record date, there were 30,822,340 shares of On Command common stock entitled to vote at the special meeting held by approximately 349 holders of record. In addition, on the record date, there were 13,500 shares of On Command Series A preferred stock entitled to vote at the special meeting held by one holder of record and there were 60,000 shares of On Command Series D preferred stock entitled to vote at the special meeting, all of which are held by a wholly-owned subsidiary of Liberty Satellite. The Series A and D preferred stock, which are convertible into On Command common stock, are entitled to vote together with On Command common stockholders on all matters submitted to the On Command common stockholders, with holders of the Series A and D preferred stock to have the number of votes that they would have if all of the Series A and D preferred stock had been converted into common stock. On the record date, the Series A preferred stock was convertible into 1,350,000 shares of On Command common stock and the Series D preferred stock was convertible into 9,404,023 shares of On Command common stock.

Quorum; Voting Rights and Vote Required

The presence, in person or by proxy, of a majority of the total voting power of the outstanding shares of stock entitled to vote at the On Command special meeting is necessary to constitute a quorum.

Each share of On Command common stock outstanding on On Command s record date entitles its holder to one vote as to the approval of the merger agreement and the merger or any other proposal that may properly come before the special meeting.

For purposes of determining the presence or absence of a quorum for the transaction of business, On Command will count shares of On Command common stock present in person at the special meeting but not voting, and shares of On Command common stock for which it has received proxies but with respect to which holders of these shares have abstained, as present at the special meeting. Abstentions are counted as present at the On Command special meeting for purposes of determining whether a quorum exists, but will have the effect of a vote against the proposal to adopt the merger agreement and approve the merger.

If your shares are registered in the name of a broker or other street name nominee, your votes will only be counted as to those matters actually voted. If you do not provide voting instructions (commonly referred to as broker non-votes), your shares will be counted for purposes of determining the presence or absence of a quorum for the transaction of business, but will not be voted in favor of the proposal to adopt the merger agreement and approve the merger. As with abstentions, broker non-votes will also have the effect of a vote against the proposal to adopt the merger agreement and approve the merger.

Under Delaware law, adoption of the merger agreement and approval of the merger requires the affirmative vote of the holders of a majority of all votes entitled to be cast at the special meeting. Liberty Satellite is the beneficial owner of 32,182,075 shares of On Command common stock (which includes 9,404,023 shares issuable upon conversion of On Command Series D preferred stock), which shares represent approximately 80% of the total voting power of On Command stockholders entitled to vote at the special meeting. The Liberty Satellite board of directors has authorized Liberty Satellite to vote its shares of On

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Command common and preferred stock for the adoption of the merger agreement and approval of the merger, which would assure that a quorum would be present and the merger would be approved at the special meeting without any action on the part of any other holder of On Command common stock. Liberty Media owns approximately 87% of Liberty Satellite s outstanding common stock, and approximately 98% of the total voting power associated with Liberty Satellite s equity securities. Accordingly, it is expected that the merger agreement will be adopted and the merger will be approved at the special meeting. Liberty Satellite is not subject to any binding agreement to vote in favor of the merger proposal, and there can be no assurance that the board of directors of Liberty Satellite will not revoke such authorization prior to the special meeting. However, in the merger agreement, in its capacity as beneficial owner of On Command stock, Liberty Media agreed to use commercially reasonable efforts to cause On Command stock beneficially owned by Liberty Media (which would include the shares owned by Liberty Satellite) to be voted in favor of the adoption of the merger agreement at the special meeting.

As of the record date, the directors and executive officers of On Command owned 3,200 shares of On Command common stock and no shares of On Command preferred stock, and held exercisable options to acquire 430,000 shares of On Command common stock.

Expenses; Solicitation of Proxies

Pursuant to the merger agreement, costs and expenses incurred in connection with the printing and mailing of this proxy statement/ prospectus will be paid 50% by Liberty Media and 50% by On Command. In addition to solicitation by mail, proxies may be solicited by directors, officers and employees of On Command in person or by telephone, telegram or other means of communication. These directors, officers and employees will receive no additional compensation for these services, but may be reimbursed for reasonable out-of-pocket expenses in connection with any solicitations. Brokerage firms, banks, nominees, fiduciaries and other custodians will be requested to forward proxy solicitation materials to the beneficial owners of shares held of record by them, and will be reimbursed for the reasonable expenses incurred by them in connection therewith.

Voting of Shares held by Brokerage Firm or Other Nominee

If your shares of On Command common stock are held in the name of a brokerage firm, bank nominee or other institution, only it can sign a proxy card with respect to your shares of On Command common stock. Accordingly, please contact the person responsible for your account and give instructions for a proxy card to be signed representing your shares of On Command common stock.

THE MERGER

General

The merger agreement provides for the acquisition by Liberty Media of all shares of On Command common stock not owned by Liberty Media and certain subsidiaries, including Liberty Satellite, through the merger of ONCO Acquisition Co., a controlled subsidiary of Liberty Media, with and into On Command, which will be the surviving corporation.

In the merger, each outstanding share of On Command common stock will be converted into 0.166 of a share of Liberty Media Series A common stock (except for any shares for which appraisal rights are exercised and except for those shares owned by ONCO Acquisition Co., Liberty Satellite, Liberty Media and their respective wholly-owned subsidiaries), subject to the adjustment described in the section entitled The Merger Agreement Consideration to be Received in the Merger, on page 48. If the number of shares of Liberty Media Series A common stock that you would receive in the merger includes a fraction of a share of Liberty Media Series A common stock, Liberty Media will instead pay you an equivalent cash amount, as described below, rather than give you a fractional share of Liberty Media Series A common stock.

This proxy statement/ prospectus also constitutes a prospectus of Liberty Media, which forms a part of the registration statement on Form S-4 filed by Liberty Media with the Securities and Exchange Commission under the Securities Act of 1933 in order to register the shares of Liberty Media Series A common stock to be issued to On Command s stockholders in the merger. The total number of shares of Liberty Media Series A common stock to be issued in the merger, based on the number of shares of On Command common stock outstanding on September 30, 2003, is approximately 1,335,331 (this amount is subject to change based on the adjustment to the merger exchange ratio described in the section entitled The Merger Agreement Consideration to be Received in the Merger, on page 48). Up to 699,889 additional shares of Liberty Media Series A common stock included in this registration statement will be reserved for issuance upon the exercise of options and vesting of restricted stock awards for On Command common stock and upon the conversion of On Command Series A preferred stock outstanding on the effective date of the merger or upon the conversion in the merger of any shares of On Command common stock issued upon any exercise of these outstanding options, vesting of these restricted stock awards or conversion of this outstanding preferred stock prior to the effective date of the merger.

To the extent that any quoted prices for On Command common stock referred to in this proxy statement/prospectus reflect the closing or last reported bid price or closing or last reported sale price, as the case may be, of On Command common stock as of a given trading day, such bid may have been posted, or such sale may have occurred one or more trading days prior to the trading day referred to in instances where there were no sales of On Command common stock during such trading day.

Background of the Merger

During the first half of August, 2002, On Command management approached Liberty Media to propose that Liberty Media, or an affiliate, make an additional $25 million cash equity investment in On Command. On Command proposed to use the proceeds of such investment to pay down a portion of On Command s bank debt, so as to enable On Command to comply with certain financial covenants under its Original Revolving Credit Facility. However, Liberty Media advised On Command in response to such proposal that it was not then interested in making such an investment.

On August 16, 2002, On Command was notified by The Nasdaq Stock Market that On Command was out of compliance with Nasdaq s minimum stockholder equity requirement for continued inclusion on the Nasdaq National Market. On Command then approached Liberty Media with the alternative proposal that Liberty Media s affiliate convert or exchange all or a portion of its existing Series B and Series C preferred stock investment in On Command into common stock, or another voting security that would be treated as equity capital for purposes of Nasdaq s stockholder equity requirements.

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On Command and Liberty Media subsequently began negotiations regarding such a possible conversion or exchange, which continued periodically over the next five and one-half months. During such negotiations the parties discussed: various exchange rates; different valuation methods for the Series B and Series C preferred stock; the possible concurrent modification of the Series D preferred stock held by Liberty Media s affiliate to permit payment of dividends in shares of On Command common stock; possible additional equity investments to be made concurrently with, or in lieu of, such a conversion or exchange; and the potential benefits to Liberty Media, if such transaction enabled Liberty Media to consolidate On Command for U.S. federal income tax purposes. However, such negotiations did not result in an agreement between On Command and Liberty Media regarding any such potential transaction.

On February 4, 2003, On Command received notification that its securities would be delisted from the Nasdaq National Market effective February 6, 2003. Subsequently, there were no further negotiations between Liberty Media and On Command regarding an exchange transaction or modification of preferred stock.

On March 28, 2003, On Command and its bank lenders amended On Command s Original Revolving Credit Facility to postpone until June 30, 2003 the step down of the leverage ratio covenant of the Original Revolving Credit Facility from 4.25 to 3.50. In the absence of this postponement, On Command would not have been in compliance with the leverage ratio covenant at March 31, 2003. Simultaneously, On Command and its bank lenders negotiated an Amended and Restated Credit Agreement, which would replace the Original Revolving Credit Facility. The form of the Amended and Restated Credit Agreement was agreed upon by March 28, 2003, but the agreement was not fully executed until April 17, 2003. The effectiveness of the Amended and Restated Credit Agreement was contingent upon the contribution of $40 million by Liberty Media or one of its subsidiaries to On Command to be used to repay principal due, and permanently reduce lender commitments, pursuant to the Amended and Restated Credit Agreement. However, Liberty Media had no obligation to make any contribution to On Command, and On Command had no assurance that any such contribution would be made or, if made, what the form or terms would be. If it did not become effective earlier, and if it was not otherwise amended, the Amended and Restated Credit Agreement was scheduled to terminate on June 30, 2003.

On March 31, 2003, Liberty Media sent a letter to the board of directors of On Command expressing interest in a potential business combination with On Command pursuant to which the holders of On Command common stock (other than Liberty Media and its subsidiaries) would receive 0.0787 of a share of Liberty Media Series A common stock for each share of On Command common stock. The proposed exchange ratio was based on a valuation of $0.77 per share of On Command common stock.

On April 2, 2003, the board of directors of On Command met by conference telephone to discuss the merger proposal contained in the March 31, 2003 letter from Liberty Media. Because Liberty Satellite, a subsidiary of Liberty Media, is the beneficial owner of approximately 74% of On Command s outstanding common stock, and directors and executive officers of Liberty Media and its affiliates constitute a majority of the On Command board of directors and may thus have an interest in the consummation of the proposed merger that conflicts with the interests of On Command and its other stockholders, the board of directors of On Command authorized the creation of a special committee of the board composed of two directors, Mr. Mark K. Hammond and Mr. J. David Wargo, neither of whom is an officer or employee of Liberty Media or any of its affiliates. The board of directors of On Command delegated to the special committee the responsibility and authority to negotiate the terms of a possible business combination with Liberty Media on behalf of On Command, if the special committee determined that such a business combination was in the best interests of the stockholders of On Command, and authorized the special committee to engage independent legal counsel and an independent financial advisor. In consideration of the anticipated time requirements and commitments required of the members of the special committee, the On Command board of directors authorized a fee of $60,000 for each member together with reimbursement of the members out-of-pocket expenses as compensation for their service on the special committee. On April 2, 2003, On Command publicly announced the Liberty Media proposal and the formation of the special committee.

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Shortly after On Command s announcement on April 2, 2003 of Liberty Media s initial merger proposal, a putative class action lawsuit was filed on behalf of On Command s stockholders in the Court of Chancery of the State of Delaware against Liberty Media, On Command and members of the board of directors and certain officers of On Command. The complaint alleged various breaches of fiduciary duty and other claims in connection with the proposed merger and sought preliminary and permanent injunctive relief, and if the merger was consummated, rescission and damages.

After interviewing candidates, on April 7, 2003 the special committee retained Patterson, Belknap, Webb & Tyler LLP as its counsel. During a conference telephone call among the special committee and Patterson, Belknap on April 7, 2003, Mr. Hammond and Mr. Wargo discussed with Patterson, Belknap the standards of independence and fiduciary duty that each member of the special committee was required to satisfy and the process for evaluating the merger proposal from Liberty Media and determined, after a discussion of the directors equity holdings and business relationships, that neither of the directors had any relationships that would compromise their ability to objectively evaluate the proposal and vigorously negotiate the transactions contemplated by the proposal. The special committee also discussed with its legal advisors the process by which independent financial advisors to the special committee should be selected and retained.

On April 8 and 9, 2003, Mr. Hammond and Mr. Wargo met with representatives of several investment banks that had been invited by the special committee to make presentations regarding their qualifications to serve as financial advisor to the special committee and to render an opinion regarding fairness. Following telephone meetings of the special committee held on April 10 and 15, 2003, during which Mr. Hammond and Mr. Wargo discussed the relative merits of the candidate firms they had interviewed to serve as financial advisor to the special committee, they selected Credit Suisse First Boston LLC, primarily based on its experience, reputation and familiarity with On Command s business and the business of Liberty Media. During this period, the special committee, with the assistance of Patterson, Belknap, negotiated an engagement letter with Credit Suisse First Boston.

On April 21, 2003, the special committee met by conference telephone with Ms. Beth Chartoff, Director of Credit Suisse First Boston, to discuss the financial and other due diligence information regarding On Command and Liberty Media that would be required for the special committee to evaluate the Liberty Media merger proposal and the process and timing of collecting and analyzing this information. On May 8, 2003, the engagement letter retaining Credit Suisse First Boston to act as financial advisor to the special committee was executed and the special committee met by conference telephone with Ms. Chartoff to continue these discussions and to schedule a meeting of the special committee, representatives of Credit Suisse First Boston and On Command management for the purpose of gathering this information.

On May 14, 2003, Mr. Hammond, Mr. Wargo and representatives of Credit Suisse First Boston met with Christopher Sophinos, the President and Chief Executive Officer of On Command, Bernard G. Dvorak, the Senior Vice President, Chief Financial Officer and Treasurer of On Command, and other members of On Command management at the offices of On Command in Denver, Colorado. Mr. Hammond participated in this meeting by conference telephone. During this meeting, On Command management delivered to the special committee and Credit Suisse First Boston a binder of written material containing financial and other due diligence information regarding On Command, and discussed with the special committee and Credit Suisse First Boston certain financial and other information regarding On Command, including management s then current five-year financial projections for On Command and the material assumptions underlying these projections (the Initial Projections). The Initial Projections had first been prepared by On Command management in January 2003, and had previously been included in materials provided to the board of directors of On Command in connection with the board s meeting on February 20, 2003. However, the On Command board did not deliberate regarding such projections or vote to approve or reject them.

On May 21, 2003, the special committee met by conference telephone with representatives of Credit Suisse First Boston to discuss the Initial Projections, other information regarding On Command collected by Credit Suisse First Boston and a preliminary range of valuations for On Command. Such preliminary range of valuations was developed by the special committee with the assistance of Credit Suisse First Boston, based upon the Initial Projections and other information provided by On Command, as well as a range of possible discount rates and other assumptions. On the basis of these discussions, the special committee decided to contact Liberty Media with a view to obtaining a higher exchange ratio than the 0.0787 contained in the Liberty Media merger proposal. To that end, on May 23, 2003, Patterson Belknap wrote a letter to Elizabeth M. Markowski, Esq., in her capacity as Senior Vice President of Liberty Media, outlining the position of the special committee regarding the proposed 0.0787 exchange ratio and certain structural aspects of the Liberty Media merger proposal, including a request that any merger transaction negotiated between the special committee and Liberty Media be subject to approval by a majority of the disinterested shares of On Command. Ms. Markowski subsequently advised Patterson Belknap that Liberty Media would not be willing to make a merger transaction subject to approval by a majority of the disinterested shares. In addition to her role as an officer of Liberty Media, Ms. Markowski is also an Assistant Secretary of On Command.

On May 30, 2003, the special committee met by conference telephone with representatives of Credit Suisse First Boston. During this meeting, Mr. Hammond, Mr. Wargo and Credit Suisse First Boston discussed a preliminary financial analysis of the proposed 0.0787 exchange ratio, which indicated that the proposed 0.0787 exchange ratio was below the range of valuations for On Command the special committee deemed acceptable on the basis of a discounted cash flow analysis of the Initial Projections, and other factors. On the basis of the discussions at this meeting, the special committee decided to schedule another meeting of the special committee with On Command management.

On June 3, 2003, Mr. Wargo met with Mr. Sophinos and Mr. Dvorak of On Command at the offices of On Command in Denver, Colorado. Mr. Hammond participated in this meeting by conference telephone. At this meeting, the participants discussed the Initial Projections and other materials provided at the May 14 meeting.

On June 11, 2003, Mr. Wargo received a telephone call from John A. Orr, Vice President of Liberty Media, in response to the May 23, 2003 letter from Patterson Belknap to Ms. Markowski. During this call, Mr. Orr indicated his interest in beginning the negotiations on the proposed merger terms.

On June 12, 2003, Mr. Hammond and Mr. Wargo met by telephone and discussed Mr. Wargo s June 11, 2003 telephone call with Mr. Orr. Later that day, they met by conference telephone with representatives of Credit Suisse First Boston and discussed the special committee s preliminary financial analysis of the proposed 0.0787 exchange ratio, the material assumptions underlying the Initial Projections and various negotiation strategies.

On June 13, 2003, Mr. Hammond and Mr. Wargo met with Mr. Orr by conference telephone and discussed the Initial Projections and the material assumptions underlying the Initial Projections. Mr. Orr expressed that although he had confidence in the existing On Command management team, On Command s Initial Projections were well in excess of its historical growth and margin performance. Mr. Orr stated that the special committee, in examining the Initial Projections, should consider an appropriate risk adjustment to the Initial Projections (through the discount rate) for the current market conditions and the past performance of the business. Mr. Orr also suggested that the special committee should be considering the trading level of market comparables like LodgeNet Entertainment Corporation.

On June 17, 2003, Mr. Wargo and representatives of Credit Suisse First Boston were connected by conference telephone to a meeting held at the offices of Liberty Media in Englewood, Colorado, at the request of the special committee, among Mr. Orr of Liberty Media and Mr. Sophinos and Mr. Dvorak of On Command. The special committee had requested that Mr. Orr meet with On Command management to receive a briefing on the Initial Projections. Mr. Wargo monitored but did not otherwise participate in any aspect of the meeting. During this meeting Mr. Orr, Mr. Sophinos and Mr. Dvorak discussed the Initial Projections and the material assumptions underlying these projections. Mr. Sophinos and Mr. Dvorak noted that On Command s financial performance over the first quarter of 2003, and preliminary indications for April and May, were below forecast. Mr. Orr suggested that the special committee should talk to On Command management and compare the 2003 year-to-date financial results against the Initial Projections. Mr. Orr also expressed concerns about the status of certain potential breaches of covenants contained in On Command s existing bank facility.

On June 19, 2003, the On Command board of directors met by conference telephone to review and discuss the status of On Command s Original Revolving Credit Facility. The board discussed the scheduled step-down, on June 30, 2003, of the leverage ratio under such facility, noting that On Command would not be in compliance with such ratio if the step-down occurred. Following such discussion, On Command s board authorized management to enter into an amendment to postpone the leverage covenant step-down until September 30, 2003, and to extend from June 30, 2003 to September 30, 2003 the deadline for closing the Amended and Restated Credit Agreement.

On June 20, 2003, Mr. Hammond and Mr. Wargo met with Mr. Orr at the offices of Liberty Media in Englewood, Colorado to discuss the 0.0787 exchange ratio proposed by Liberty Media. At this meeting, Mr. Hammond and Mr. Wargo continued to negotiate for an increase in the 0.0787 exchange ratio. In support of their position they referred to the range of valuations for On Command developed by the special committee with the assistance of Credit Suisse First Boston on the basis of the Initial Projections. Mr. Orr declined to increase the exchange ratio and reiterated the concerns he raised at the June 13 and June 17 meetings about the validity of certain material assumptions regarding the business performance of On Command on which the Initial Projections were based and about the appropriate risk adjustment (through the discount rate) used in connection with the Initial Projections. Mr. Orr also argued that Liberty Media s Series A common stock was undervalued at such time, and should accordingly be an attractive currency to On Command s public stockholders. The discussions between the special committee and Mr. Orr regarding the exchange ratio continued during a conference telephone call held on June 23, 2003. At this point, Mr. Orr informed the special committee that in order to facilitate the continued progress of the negotiations, Liberty Media needed a specific counterproposal from the special committee on the exchange ratio.

On June 23, 2003, Mr. Hammond and Mr. Wargo called Mr. Orr to inform him that the special committee s counterproposal on the exchange ratio was for an implied value of On Command common stock of $3.00 (an exchange ratio of approximately 0.2693 based on the closing price of Liberty Media s Series A common stock on June 23, 2003).

On June 24, 2003, Mr. Orr called Mr. Wargo to inform the special committee that Liberty Media was prepared to increase the exchange ratio to 0.1600 (an implied value of $1.80 per share of On Command common stock based on the closing price of Liberty Media s Series A common stock on June 24, 2003). Later that day, Mr. Hammond and Mr. Wargo called Mr. Orr to inform him that Credit Suisse First Boston would have difficulty getting a fairness opinion on that exchange ratio.

On June 27, 2003, On Command entered into an amendment to its Original Revolving Credit Facility to postpone until October 1, 2003 the step-down of the leverage ratio covenant of the Original Revolving Credit Facility from 4.25 to 3.50. On this date, an amendment was also made to the Amended and Restated Credit Agreement to provide that if it did not become effective earlier, and if it was not otherwise amended, the Amended and Restated Credit Agreement would terminate on September 30, 2003 (instead of June 30, 2003).

On July 2, 2003, Mr. Wargo and representatives of Credit Suisse First Boston met by conference telephone with Mr. Sophinos, Mr. Dvorak and other members of On Command management and received a presentation from management regarding the 2003 year-to-date financial performance of On Command. During this presentation On Command management confirmed, on the basis of On Command s regular quarterly review of actual to projected financial results, that On Command s actual 2003 year-to-date financial performance was substantially below the projected performance for 2003 contained in the Initial Projections, primarily as a result of reductions in the mid-week hotel occupancy rates and buy rates for certain products and programming for April and May 2003 compared to forecasted rates. Mr. Wargo and the representatives of Credit Suisse First Boston discussed these reductions with On Command management, and management delivered to the special committee and Credit Suisse First Boston a written copy of its reforecast of 2003 financial performance, which envisioned revenues and earnings before interest expense, taxes, depreciation and amortization, or EBITDA, for 2003 lower than in the Initial Projections as a result of reductions in such assumed buy and occupancy rates.

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Following the July 2, 2003 meeting, Credit Suisse First Boston revised the five-year financial model for On Command, to reflect the decline in 2003 expected financial results and changes in assumptions relating to occupancy, buy rates and other factors over the five-year period, as advised by On Command management (the July Model). Credit Suisse First Boston subsequently reviewed and discussed the July Model with On Command management, who confirmed that such changes were reasonable. Thereafter, the special committee revised its preliminary financial analysis of the proposed 0.1600 exchange ratio to reflect the July Model, including a range of valuations for On Command developed by the special committee with the assistance of Credit Suisse First Boston on the basis of the July Model. On the basis of such revised preliminary financial analysis, the special committee determined that the 0.1600 exchange ratio was below the range of valuations for On Command deemed acceptable by the special committee on the basis of the July Model.

On July 7, 2003, July 8, 2003, July 9, 2003 and July 10, 2003, Mr. Hammond, Mr. Wargo and Mr. Orr of Liberty Media met by conference telephone. During these calls Mr. Hammond and Mr. Wargo negotiated for an increase in the 0.1600 exchange ratio. In support of their position they referred to the range of valuations for On Command developed by the special committee with the assistance of Credit Suisse First Boston on the basis of the July Model. Mr. Orr declined to increase the exchange ratio beyond the previously proposed exchange ratio of 0.1600.

On July 15, 2003, Mr. Hammond and Mr. Wargo met by conference telephone with representatives of Credit Suisse First Boston and discussed the 0.1600 exchange ratio proposed by Mr. Orr. On the basis of the discussions at this meeting regarding the range of valuations of On Command developed by the special committee with the assistance of Credit Suisse First Boston on the basis of the July Model, the special committee decided to contact Liberty Media with a view to obtaining a higher exchange ratio than the 0.1600 proposed by Mr. Orr. Later that day, Mr. Wargo had a telephone call with Mr. Orr regarding the 0.1600 exchange ratio. This discussion was continued during a telephone call between Mr. Wargo and Mr. Orr on July 16, 2003. During these calls, Mr. Wargo continued to negotiate for an increase in the 0.1600 exchange ratio and Mr. Orr declined to increase the proposed exchange ratio.

On July 21, 2003, the On Command board of directors met by conference telephone to review and discuss the special committee s activities. Also present at the invitation of the board were Mr. Dvorak, Ms. Strauss, Ms. Markowski (for portions of the meeting) and outside counsel to On Command. The special committee reported on the progress of its negotiations with Liberty Media leading to the increase in the proposed exchange ratio from 0.0787 to 0.1600 and its preliminary financial analysis of the proposed 0.1600 exchange ratio as being below the range of valuations for On Command deemed acceptable by the special committee on the basis of the July Model. The board also discussed the pace of negotiations between the special committee and Liberty Media.

During the July 21 board meeting, Mr. Dvorak noted that On Command had entered into the Amended and Restated Credit Agreement with its lenders, but that the effectiveness of such amendment was contingent upon the receipt of a $40 million capital infusion, on terms subordinated to the bank facility, to be used to repay principal due and permanently reduce lender commitments under the facility. Mr. Dvorak noted that On Command did not have a commitment from Liberty Media or any other party to fund the $40 million required repayment. Members of On Command s board asked the special committee the extent, if any, to which the special committee took into consideration the status of On Command s bank credit facility in connection with the work of the committee. The members of the committee noted that On Command s leverage, credit history and capital and liquidity requirements were reflected in On Command s projected cost of capital, which was a factor in the July Model.

The On Command board of directors then discussed On Command s bank credit facility and various alternatives for raising the $40 million required for the effectiveness of the Amended and Restated Credit Agreement, including the possibility of an institutional high-yield debt offering, a mezzanine financing, or a rights offering of common stock. Mr. Dvorak noted that, on the basis of informal indications provided to him by Credit Suisse First Boston and other investment banking contacts, and his review of publicly available information regarding other recent financings, On Command could reasonably hope to raise about $200 million through the institutional high-yield market at an interest rate of 9% to 10% per year, for an eight to ten year term. On Command would then have to refinance the remaining $66 million of its current bank debt. Such a strategy would add at least $10 million in interest charges to On Command s annual cash expenditures. Mr. Dvorak also noted that On Command might be able to raise $40 million in mezzanine financing, with a five to ten year balloon term, at an annual total borrowing cost of 17% to 20% per year, including a current-pay coupon in the range of 12% per year, plus warrant coverage, deferred interest or other non-cash compensation. However, this would require an amendment under the Amended and Restated Credit Agreement to, among other things, permit On Command to make cash interest payments. Following a discussion of such indicative financing terms, the directors briefly discussed some of the variables involved in structuring a possible rights offering, including: the potential price range of such an offering; the degree of dilution that would be suffered by any non-participating holders; the liquidity of any secondary market for rights, given the low trading volume of On Command common stock on the over-the-counter market; whether or not On Command would seek to have Liberty Satellite or a financial institution provide a stand-by commitment with respect to any such offering; and the cost of any such stand-by commitment to On Command. Following such discussions, a consensus was reached that the special committee should continue to negotiate with Liberty Media, to see if agreement could be reached on a transaction between On Command and Liberty Media that was acceptable to the special committee, with the understanding that, if no such agreement between On Command and Liberty Media could be reached, the directors would continue to explore one or more of the alternatives discussed at the meeting for funding the $40 million payment required under the bank credit facility or refinancing such bank credit facility.

At the conclusion of this meeting, the special committee decided to schedule another meeting with On Command management and representatives of Liberty Media to discuss the July Model and the material assumptions on which they were based.

On July 23, 2003, the special committee met by conference telephone with representatives of Credit Suisse First Boston, Mr. Sophinos, Mr. Dvorak and On Command directors Gary S. Howard, Paul L. Gould and Kenneth G. Carroll. Ms. Strauss and Ms. Markowski were also present, as was On Command s outside counsel. At this meeting, the board members, committee members and representatives of Credit Suisse First Boston discussed the July Model and the material assumptions underlying that model. These discussions continued during a conference telephone call on July 29, 2003 among the special committee, representatives of Credit Suisse First Boston and On Command management. During these calls, Mr. Hammond and Mr. Wargo discussed the special committee s position in favor of an increase in the 0.1600 exchange ratio on the basis of the range of valuations for On Command developed by the special committee on the basis of the July Model. During the July 23, 2003 call, Mr. Gould and Mr. Howard questioned the validity of certain material assumptions on which the July Model was based. On Command management also questioned certain of such assumptions during the July 29, 2003 call, observing that On Command s financial performance continued to suffer from below-forecast occupancy and buy rates, which led On Command management to conclude that such trends were likely to be more pervasive than earlier believed. On the basis of such discussions, the special committee decided to schedule another meeting with representatives of Credit Suisse First Boston and On Command management to review the material assumptions underlying the July Model.

On August 4, 2003, Mr. Hammond and Mr. Wargo met by conference telephone with representatives of Credit Suisse First Boston and discussed the issues raised by On Command management during the July 29, 2003 conference call regarding the validity of certain material assumptions underlying the July Model. The participants in this meeting then decided to schedule a meeting with On Command management on August 8, 2003 in order to discuss these issues.

On August 8, 2003, the special committee and representatives of Credit Suisse First Boston met by conference telephone with On Command management to discuss the material assumptions underlying the July Model. These discussions continued during conference telephone calls among the same parties on August 12 and 13, 2003. During these calls, management of On Command indicated that it was concerned about further erosion in the buy rate for certain products below the assumed buy rate used in preparing the July Model, as well as the pricing of such products. Following this meeting, Credit Suisse First Boston developed a revised five-year financial model for On Command on the basis of the reduced buy rates and pricing discussed on August 8, 12 and 13, 2003, as well as certain assumptions relating to the roll-out of one of

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On Command s service platforms, in accordance with the related advice of On Command management (the August Model). Credit Suisse First Boston subsequently reviewed and discussed the August Model with On Command management, who confirmed that such changes were reasonable. On Command management has advised Credit Suisse First Boston that the financial forecasts reflected in the August Model were reasonably prepared on bases reflecting the best available estimates and judgments of On Command s management as to the future financial performance of On Command, as at the times prepared, subject to various potential risks and uncertainties that could adversely affect On Command s financial performance, including without limitation risks and uncertainties relating to On Command s access to capital, economic trends and conditions affecting the lodging industry or the U.S. economy in general, and On Command s ability to execute its operating plan. Thereafter, the special committee revised its preliminary financial analysis of the proposed 0.1600 exchange ratio prepared on the basis of the July Model, to reflect the revised assumptions reflected in the August Model. This revised preliminary financial analysis, which included a range of valuations for On Command developed by the special committee with the assistance of Credit Suisse First Boston on the basis of the August Projections, indicated to the special committee that the 0.1600 exchange ratio was still below the range of valuations for On Command deemed acceptable by the special committee on the basis of the August Model.

On August 14, 2003, Mr. Hammond and Mr. Wargo met by conference telephone with representatives of Credit Suisse First Boston and discussed the August Model, the validity of the material assumptions underlying that model and the range of valuations for On Command developed by the special committee with the assistance of Credit Suisse First Boston on the basis of the August Model. Later that day Mr. Wargo had telephone conversations with Mr. Orr and Mr. Howard regarding the 0.1600 exchange ratio proposed by Liberty Media. During the call between Mr. Wargo and Mr. Orr, Mr. Orr indicated that, as a consequence of its concerns regarding the erosion in On Command s buy rate for certain products, Liberty Media was reducing its proposed exchange ratio from 0.1600 to a proposed exchange ratio that implied a value of $1.50 per share of On Command common stock. (Based on the $11.01 last reported sale price of Liberty Media Series A common stock on August 13, 2003, the last trading day before that conversation, such a value of $1.50 per share would have implied an exchange ratio of 0.1362. The last reported bid price of On Command common stock on August 13, 2003, was $0.75 per share.) This discussion continued during a conference telephone call among the special committee, Mr. Howard and William R. Fitzgerald (a senior vice president of Liberty Media who is also a director of On Command) held on August 18, 2003. During each of these telephone calls and meetings, Mr. Hammond and Mr. Wargo supported their arguments by referring to the range of valuations for On Command developed by the special committee with the assistance of Credit Suisse First Boston on the basis of the August Model. However, Mr. Orr declined to increase the exchange ratio.

On August 21, 2003, the board of directors of On Command held a regular meeting in Denver, Colorado. Among other matters, the On Command board had a lengthy discussion regarding the status of On Command s bank credit facility and the need to raise $40 million to close the Amended and Restated Credit Agreement. Mr. Dvorak then reviewed the financing options that had been discussed at the On Command board s July 21, 2003 meeting. Mr. Dvorak explained that a high yield offering was still feasible, but at higher rates, as result of a recent decline in the high yield debt market. However, in the period since the July 21 meeting, management had determined that mezzanine financing was not feasible. Mr. Dvorak told the On Command board that On Command s lenders were agreeable to a rights offering, provided that Liberty Satellite commit to advance $40 million to On Command against any capital to be raised in the offering. The On Command board requested that management develop a proposal with respect to such a rights offering, including a proposal regarding the terms of any such commitment by Liberty Satellite. Mr. Dvorak also presented a financial review, advising the board that second quarter revenues were down by 1.8%, compared to the second quarter of 2002, and that EBITDA was down by 8%, reflecting lower operating margins resulting from a decline in the sale of higher margin products.

Thereafter, Mr. Hammond and Mr. Wargo continued to press the special committee s position in favor of an increase in the proposed exchange ratio, raising the matter in a conversation with Mr. Howard on August 21, 2003, following the On Command board meeting, and a telephone call between Mr. Wargo and Mr. Howard on August 26, 2003. During these conversations Mr. Hammond and Mr. Wargo continued to support their position by referring to the range of valuations for On Command developed by the special committee with the assistance of Credit Suisse First Boston on the basis of the August Model.

During the telephone conversation on August 26, 2003, Liberty Media offered to increase the proposed exchange ratio to a valuation of $2.00 per share of On Command common stock. Based on the $11.36 last reported sale price of Liberty Media Series A common stock on August 25, 2003, the last trading day before that conversation, such a value of $2.00 per share implied an exchange ratio of 0.1761. The last reported bid price of On Command common stock on August 25, 2003, was $0.75 per share. After a discussion with representatives of Credit Suisse First Boston regarding the increased proposed exchange ratio, Mr. Wargo called representatives of Liberty Media and requested that Liberty Media s counsel prepare and submit a draft merger agreement to Patterson Belknap and the special committee for review.

On September 3, 2003, Mr. Hammond and Mr. Wargo met by conference telephone with Patterson Belknap and discussed the terms and provisions of a draft merger agreement that had been prepared by Liberty Media s counsel. On the basis of the discussions at this meeting, the special committee decided to request certain revisions to the pricing and other terms contained in the draft merger agreement, including a provision that would adjust the proposed exchange ratio based upon changes in the value of Liberty Media s Series A common stock. During September 3, 4, 5, and 8, 2003, the special committee and its legal and financial advisors met by conference telephone with representatives of Liberty Media and its counsel to negotiate the revisions to the terms of the merger agreement, including the base exchange ratio and the adjustments thereto that are described in the section entitled The Merger Agreement Consideration to be Received in the Merger, on page 48. The final base exchange ratio of 0.166 was determined based on an implied valuation of $2.00 per share of On Command common stock as compared to the average of the last reported sale price of Liberty Media Series A common stock for the five trading days ending with the third trading day prior to the execution of the merger agreement ($12.06) (the merger agreement was executed on September 9, 2003).

On September 8, 2003, Mr. Hammond and Mr. Wargo met by conference telephone with Patterson Belknap and discussed the terms and provisions of the draft merger agreement as they had been revised in the course of the negotiations with Liberty Media. On the basis of the discussions at this meeting, the special committee determined that the merger agreement and the transactions contemplated thereby, including the merger and the exchange ratio, were fair to and in the best interests of On Command and its stockholders (other than Liberty Media and its affiliates) and resolved to recommend that the board of directors of On Command approve the merger and the merger agreement, authorize the execution and delivery of the merger agreement by On Command and submit the merger agreement to the On Command stockholders for a vote, together with the recommendation of the On Command board of directors that the stockholders approve the merger agreement.

On September 9, 2003, the board of directors of On Command held a special meeting at the offices of Liberty Media in Englewood, Colorado. All of the directors of On Command were present in person or by conference telephone and participated in this meeting. Representatives of Credit Suisse First Boston participated in this meeting by conference telephone. At the meeting, the special committee delivered its recommendation to the board of directors of On Command to approve the merger agreement and the transactions contemplated thereby, Patterson Belknap reviewed the principal terms and provisions of the merger agreement negotiated by the special committee and representatives of Credit Suisse First Boston presented its financial analysis of the proposed transaction and expressed its oral opinion, subsequently delivered in writing later that day, to the effect that, subject to and based on the assumptions and considerations set forth in its opinion, the consideration to be received by the holders of common stock of On Command (other than Liberty Media and affiliates) pursuant to the merger agreement was fair from a financial point of view to such stockholders as of the date of such opinion. On Command s board of directors reviewed a copy of the merger agreement negotiated by the special committee, which had been circulated to the board prior to the meeting, and posed questions to the special committee, Patterson Belknap and the representatives of Credit Suisse First Boston. Following these discussions, the On Command board of directors approved by unanimous vote (as well as a separate unanimous vote of Messrs. Wargo and Hammond, as disinterested directors pursuant to Section 144(a)(1) of the Delaware General Corporation

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Law) the terms of the merger agreement negotiated by the special committee in the form presented, authorized the execution and delivery of the merger agreement on behalf of On Command and the scheduling of a special meeting of the stockholders of On Command to consider and vote on the merger agreement and resolved to recommend that the stockholders approve the merger agreement.

During late August and early September 2003, counsel to Liberty Media and counsel for plaintiffs in the stockholder litigation pending before the Delaware Court of Chancery negotiated over the potential settlement of the litigation. On September 9, 2003, the parties to the litigation agreed in principle to a proposed settlement that would provide, subject to certain conditions, that Liberty Media would proceed with a merger in which the public holders of On Command common stock would receive a fraction of a share of Liberty Media Series A common stock equal to the exchange ratio, per share of On Command common stock. For additional information on the litigation, please see the section entitled The Merger Certain Litigation, on page 47.

On September 30, 2003, On Command received a $40 million subordinated loan from Liberty Media and also closed on the Amended and Restated Credit Agreement with its bank lenders.

Purpose for the Merger; Recommendation of the Special Committee and On Command Board of Directors

On Command Purpose and Reasons for the Merger

The On Command board of directors believes that because of the limited liquidity of On Command s common stock and the depressed share price of its common stock in the public market, On Command stockholders have not been able to realize the value of their investment in On Command. The Series A common stock of Liberty Media to be received by On Command stockholders in the merger will provide such stockholders with enhanced liquidity and an investment in a relatively attractive portfolio of operating businesses. Based on the closing price of Liberty Media s Series A common stock on September 8, 2003 of $11.94, the price per share of On Command common stock implied by the exchange ratio represented a premium of approximately 186% over the closing bid price of On Command s common stock on April 1, 2003, the day before the public announcement of the initial offer by Liberty Media.

Liberty Media Purpose and Reasons for the Merger

Management of Liberty Media routinely reviews Liberty Media s investments in its less than wholly-owned entities to determine whether it would be advisable for Liberty Media to continue to hold, increase or dispose of any such investment. Whether a decision to increase or dispose of an investment is made, and the timing of any such decision, depends on numerous factors, including the size and nature of the investment, the perceived advantages, if any, of full or partial ownership and management control, conditions in the relevant industry and general market and economic conditions.

Since the time Liberty Media obtained its interest in On Command, management of Liberty Media has from time to time evaluated the performance of On Command and analyzed the extent to which it had achieved its business objectives as a separate publicly-held company. In reaching its decision to make the merger proposal and to enter into the merger agreement, Liberty Media considered its management s assessment of On Command s existing financial position, the market performance of the On Command common stock, industry and market conditions, and the following factors:

- On Command s outstanding debt, including On Command s greater cost of borrowing as compared to Liberty Media s and On Command s historical difficulties in satisfying the leverage ratio contained in its debt agreements (as described above in the section entitled The Merger Background of the Merger, on page 27);

- recent capital market trends, which have adversely affected the ability of companies situated similarly to On Command to access capital;

- On Command s need for additional capital to develop its business;

- the trading price volatility of the On Command common stock caused, in part, by its limited public float;
- the elimination of costs associated with operating On Command as a separate public company, including costs and expenses associated with Securities and Exchange Commission reporting, communicating with stockholders and related legal and accounting fees; and
- the ability to eliminate certain potential conflicts of interest between On Command and Liberty Media relating to business dealings between them.

Recommendation of the Special Committee and the On Command Board of Directors

At the meeting of the special committee held on September 8, 2003, the special committee:

- determined that the merger agreement and the transactions contemplated thereby, including the merger and the exchange ratio, are fair to and in the best interests of On Command and its stockholders (other than Liberty Media and its affiliates);
- recommended that the On Command board of directors approve the merger and the merger agreement;
- recommended that the On Command board of directors authorize the execution and delivery of the merger agreement and any other documents related to the merger agreement on behalf of On Command and the consummation of the merger; and
- recommended that the On Command board of directors submit the merger agreement to On Command s stockholders for a vote, along with the recommendation of the On Command board of directors that the stockholders approve such merger agreement.

At the meeting of the On Command board of directors held on September 9, 2003, the On Command board of directors, based upon the recommendation of the special committee:

- determined that the merger agreement and the transactions contemplated thereby, including the merger and the exchange ratio, are advisable and in the best interests of On Command and its stockholders (other than Liberty Media and its affiliates);
- authorized, adopted, approved and declared advisable the merger agreement and the transactions contemplated thereby, including the merger and the exchange ratio;
- resolved to submit the merger agreement to On Command s stockholders for their approval at a meeting of the On Command stockholders;
- advised and recommended that On Command s stockholders approve the merger agreement and the transactions contemplated thereby; and
- authorized certain On Command officers to execute, deliver and perform the merger agreement and any related agreements and to make certain filings with the Securities and Exchange Commission related to the merger.

The Special Committee

In reaching the recommendations described above, the special committee considered a number of factors, including the following:

- *On Command Operating and Financial Condition and Prospects.* The special committee took into account the current and historical financial condition and results of operations of On Command and its subsidiaries. The special committee also considered the future prospects if On Command continued as an independent, publicly held entity, taking into account its current financial situation and capital requirements as well as current and anticipated future trends and conditions in the general economy,

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the lodging industry and On Command s business of providing entertainment services to the lodging industry.

On Command Projected Discounted Cash Flow. The special committee considered the projected discounted cash flows for On Command derived from the August Model in relation to the value of the proposed exchange ratio.

Transaction Financial Terms/ Premium to Market Price. The special committee considered the relationship of the per share consideration implied by the exchange ratio to the historical market price of shares of On Command s common stock. At the time the special committee made its decision, the implied value of the merger consideration per share of On Command common stock of $2.00 (based on the closing price of Liberty Media s Series A common stock on September 8, 2003) represented a premium of 186% over the closing bid price per share of On Command s common stock on April 1, 2003, the day before the public announcement of Liberty Media s preliminary proposal to acquire all of On Command s outstanding common stock, a premium of 167% over the closing bid price per share of On Command s common stock one month prior to Liberty Media s announcement, and a premium of 163% over the average bid price per share of On Command s common stock over the three month period prior to Liberty Media s announcement. The special committee believed that, after extensive negotiations on its behalf with Liberty Media, it obtained the highest price per share of On Command common stock that Liberty Media is willing to pay. The special committee took into account the fact that the terms of the merger were determined through extensive negotiations between Liberty Media and On Command and its financial and legal advisors, all of whom are unaffiliated with Liberty Media. The special committee was aware that the consideration to be received by On Command s stockholders in the merger would be taxable to such stockholders for federal income tax purposes.

Adjustment of Exchange Ratio. The special committee considered the fact that the merger agreement provides for adjustment of the exchange ratio based upon fluctuations in the market price of Liberty Media s Series A common stock in certain circumstances. The special committee also took into account the fact that the merger agreement permits it to terminate the merger if the value of the consideration to be received by the holders of On Command common stock (other than Liberty Media and its subsidiaries) in the merger determined as provided in the merger agreement is less than $1.90, unless Liberty Media elects to increase the exchange ratio to yield an implied value per share of On Command common stock of $1.90.

Lack of Active Trading Market. The special committee considered the fact that On Command s common stock is not listed on a national securities exchange and that the trading of shares in the over-the-counter market does not constitute an active public trading market providing an efficient means for determining the value of the shares. The OTC Bulletin Board is not a securities exchange, it is merely a regulated quotation service. Therefore, the special committee took into account that it could not accurately base the valuation of On Command s common stock upon bid/asked or last-sale prices posted on such service on given days.

Enhanced Liquidity. The special committee considered the fact that the shares of Liberty Media Series A common stock to be received in the merger will be listed on the New York Stock Exchange and will provide the holders of On Command common stock with enhanced liquidity compared to the shares of On Command common stock. The special committee also took into consideration the diverse portfolio of operating businesses encompassed by an investment in Liberty Media Series A common stock.

Strategic Alternatives. The special committee considered the fact that Liberty Media and its subsidiaries currently own approximately 74% of the outstanding common stock of On Command, and approximately 80% of the overall voting power of On Command. The special committee concluded that Liberty Media s control over On Command could deter any potential acquisition of On Command by a third party, and, accordingly, that a third party acquisition was not a likely alternative.

Opinion of Credit Suisse First Boston. The special committee took into account the presentation from Credit Suisse First Boston and its opinion, dated September 9, 2003, that, based upon and subject to the considerations and assumptions in its opinion, the consideration to be received by the holders of On Command common stock (other than Liberty Media and its affiliates) pursuant to the merger agreement was fair from a financial point of view to such holders as of the date of such opinion. A copy of the fairness opinion is attached hereto as **Annex III**. For information regarding the analysis conducted by Credit Suisse First Boston, see The Merger Opinion of Credit Suisse First Boston. On Command stockholders are urged to read the fairness opinion and the section entitled The Merger Opinion of Credit Suisse First Boston in their entirety.

Appraisal Rights. The special committee considered the fact that holders of On Command common stock who perfect their appraisal rights will have the right to dissent from the merger and to demand appraisal of the fair value of their shares under the Delaware corporate statute, as described under Appraisal Rights of Dissenting Stockholders.

The On Command Board of Directors

In reaching its determinations referred to above, the On Command board of directors considered the following factors, each of which in the view of the On Command board of directors supported such determinations:

- the conclusions and recommendations of the special committee;
- the factors referred to above as having been taken into account by the special committee; and
- the fact that the exchange ratio and the terms and conditions of the merger agreement were the result of extensive negotiations between the special committee and Liberty Media.

The members of the On Command board of directors, including the members of the special committee, evaluated the merger in light of their knowledge of the business, financial condition and prospects of On Command and based upon the advice of financial and legal advisors.

The On Command board of directors, including the members of the special committee, believes that the merger is procedurally fair to the On Command stockholders (other than Liberty Media and its affiliates) based upon a number of factors, including:

- the fact that the special committee consisted of independent directors appointed to represent the interests of On Command s stockholders (other than Liberty Media and its affiliates), and that the special committee was empowered with the exclusive authority to review, evaluate and negotiate the proposed merger;
- the fact that the special committee retained and was advised by its own independent legal counsel;
- the fact that the special committee retained and was advised by Credit Suisse First Boston, as its independent financial advisor, to assist it in evaluating a potential transaction with Liberty Media;
- the extent and nature of the deliberations pursuant to which the special committee evaluated the merger;
- the fact that the merger agreement allows the On Command board of directors, under certain circumstances, to consider an alternative transaction;
- the fact that the exchange ratio resulted from extensive bargaining between representatives of the special committee on the one hand, and representatives of Liberty Media, on the other; and
- the fact that the merger agreement permits On Command (upon a determination of its independent directors) to terminate the merger if the value of the consideration to be received by the holders of On Command common stock (other than Liberty Media and its subsidiaries) in the merger determined as provided in the merger agreement is less than $1.90, unless Liberty Media elects to increase the exchange ratio to yield an implied value per share of On Command common stock of $1.90.

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In making its decision regarding procedural fairness, the special committee also considered the fact that the merger is not conditioned upon approval by a majority of the stockholders who are unaffiliated with Liberty Media. Although the special committee, through counsel, requested such a condition, Liberty Media did not agree. The special committee nonetheless determined the transaction was fair even though it was not conditioned upon approval by a majority of the stockholders who are unaffiliated with Liberty Media because:

- the special committee was advised by its legal counsel that the Delaware statutes do not impose such a majority of the minority condition in such transactions;
- the absence of offers from any interested buyers during the six months from the date of Liberty Media s initial proposal through the date of this proxy statement, despite the public announcement of the proposal and the merger; and
- the terms of the merger agreement permit On Command, under certain circumstances, to consider competing offers and, under certain circumstances, to terminate the merger agreement and abandon the proposed merger.

In view of the wide variety of factors considered in connection with their evaluation of the merger, neither the special committee nor the On Command board of directors found it practicable to, and did not, quantify or otherwise attempt to assign relative weights to the specific factors they considered in reaching their determinations. The special committee and the On Command board of directors considered all the factors as a whole in reaching their respective determinations.

The foregoing discussion of the information and factors considered by the special committee and the On Command board of directors is not intended to be exhaustive but is believed to include all material factors considered by the special committee and the On Command board of directors. On Command s executive officers have not been asked to make a recommendation as to the merger.

Opinion of Credit Suisse First Boston

Credit Suisse First Boston has acted as exclusive financial advisor to the special committee of the board of directors of On Command in connection with the merger. As discussed in the section entitled, The Merger Background of the Merger, after considering and interviewing several investment banking firms invited to make proposals, the special committee retained Credit Suisse First Boston. The special committee selected Credit Suisse First Boston based on Credit Suisse First Boston s experience, reputation and familiarity with On Command s business and the business of Liberty Media. Credit Suisse First Boston is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

In connection with Credit Suisse First Boston s engagement, On Command requested that Credit Suisse First Boston evaluate the fairness, from a financial point of view, to the holders of common stock of On Command, other than Liberty Media and its affiliates, of the consideration to be received by the holders of common stock of On Command pursuant to the merger. On September 9, 2003, at a meeting of the special committee of the board of directors of On Command held to evaluate the merger, Credit Suisse First Boston delivered an oral opinion, which was subsequently confirmed in a written opinion dated September 9, 2003, to the effect that, as of that date and based on and subject to the assumptions, limitations and qualifications described in its written opinion, the consideration to be received by the holders of common stock of On Command pursuant to the merger was fair to the holders of common stock of On Command, other than Liberty Media and its affiliates, from a financial point of view.

The full text of Credit Suisse First Boston s written opinion, dated September 9, 2003, to the special committee of the board of directors of On Command, which sets forth, among other things, the procedures followed, assumptions made, matters considered and limitations on the review undertaken, is attached as **Annex III** to this proxy statement/ prospectus. Holders of On Command common stock are urged to read this opinion in its entirety. Credit Suisse First Boston s opinion is addressed to the special committee of the board of directors of On Command and relates only to the fairness, from a financial point of view, to the holders of common stock of On Command, other than Liberty Media and its affiliates, of the consideration to be received by the holders of common stock of On Command pursuant to the merger. Credit Suisse First Boston s opinion does not constitute a recommendation to any stockholder of On Command as to how such stockholder should vote or act on any matter relating to the merger. The summary of Credit Suisse First Boston s opinion in this proxy statement/ prospectus is qualified in its entirety by reference to the full text of Credit Suisse First Boston s opinion.

In arriving at its opinion, Credit Suisse First Boston:

reviewed the merger agreement;

reviewed publicly available business and financial information relating to On Command and Liberty Media;

reviewed other information, including financial forecasts, provided to or discussed with it by the management of On Command and, to a lesser degree, information, not including financial forecasts, provided to or discussed with it by the management of Liberty Media;

met with the management of On Command and, to a lesser degree, Liberty Media to discuss the business and prospects of On Command and Liberty Media, respectively;

considered financial and stock market data of On Command and Liberty Media and compared those data with similar data for other publicly held companies in businesses it deemed similar to On Command and Liberty Media;

considered, to the extent publicly available, the financial terms of other business combinations and other transactions that have recently been effected; and

considered such other information, financial studies, analyses and investigations and financial, economic and market criteria that it deemed relevant.

In connection with its review, Credit Suisse First Boston did not assume any responsibility for independent verification of any of the information provided to or otherwise reviewed by it and relied on that information being complete and accurate in all material respects. With respect to the financial forecasts relating to On Command, Credit Suisse First Boston was advised and assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of On Command s management as to the future financial performance of On Command. With respect to the financial forecasts relating to Liberty Media, Credit Suisse First Boston assumed, with the special committee s consent, that the financial forecasts contained in publicly available analyst reports with respect to Liberty Media reviewed by it represent reasonable estimates and judgments with respect to the future financial performance of Liberty Media. Credit Suisse First Boston also assumed, with the special committee s consent, that in the course of obtaining necessary regulatory and third party approvals and consents for the merger, no modification, delay, limitation, restriction or condition will be imposed that will have an adverse effect on On Command or Liberty Media or the contemplated benefits of the merger and that the merger will be consummated in accordance with the terms of the merger agreement, without waiver, modification or amendment of any material term, condition or agreement contained in the merger agreement. In addition, Credit Suisse First Boston was advised that Liberty Media and its subsidiaries owned approximately 74% of the On Command common stock.

Credit Suisse First Boston was not requested to make, and did not make, an independent evaluation or appraisal of the assets or liabilities, contingent or otherwise, of On Command or Liberty Media, nor was Credit Suisse First Boston furnished with any such evaluations or appraisals. Credit Suisse First Boston s opinion was necessarily based upon information available to it and financial, economic, market and other conditions as they existed and could be evaluated on the date of the opinion. Credit Suisse First Boston was not requested to, nor did it, solicit third party indications of interest in acquiring all or any part of On Command. Credit Suisse First Boston did not express any opinion as to what the value of Liberty Media common stock actually would be when issued in the merger or the prices at which Liberty Media common stock would trade at any time. The

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Credit Suisse First Boston opinion does not address the relative merits of the merger as compared to other transactions, business strategies or financial alternatives that might be available to On Command, nor does it address the underlying business decision of On Command to proceed with the merger.

Although Credit Suisse First Boston evaluated the consideration to be received by the holders of common stock of On Command, other than Liberty Media and its affiliates, pursuant to the merger from a financial point of view, Credit Suisse First Boston was not requested to, and did not, recommend the specific consideration payable in the merger, which consideration was determined in arms length negotiations between On Command and Liberty Media. No other limitations were imposed on Credit Suisse First Boston by On Command, its affiliates or the special committee of its board of directors with respect to the investigations made or procedures followed in rendering its opinion.

In preparing its opinion to the special committee of the board of directors of On Command, Credit Suisse First Boston performed a variety of financial and comparative analyses, including those described below. The preparation of a fairness opinion is a complex process and is not readily susceptible to partial analysis or summary description. Accordingly, Credit Suisse First Boston believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors, or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

No company, transaction or business used in Credit Suisse First Boston s analyses as a comparison is directly comparable to On Command, Liberty Media or the proposed merger, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the merger or the other values of the companies, business segments or transactions being analyzed.

The estimates contained in Credit Suisse First Boston s analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. The analyses do not purport to be appraisals or to reflect the prices at which businesses actually may be sold.

Credit Suisse First Boston s opinion and financial analyses were among many factors considered by the special committee of the board of directors of On Command in its evaluation of the proposed merger and should not be viewed as determinative of the views of the special committee of the board of directors of On Command or the managements of On Command or Liberty Media with respect to the merger or the consideration to be received by the holders of common stock of On Command pursuant to the merger.

Summary of Financial Analyses.

The following is a summary of the material financial analyses underlying Credit Suisse First Boston s opinion dated September 9, 2003 delivered to the special committee of the board of directors of On Command in connection with the merger. The financial analyses summarized below include information presented in tabular format. In order to fully understand Credit Suisse First Boston s financial analyses, the tables must be read together with the text of each summary. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Credit Suisse First Boston s financial analyses.

Common Stock Trading History. Credit Suisse First Boston examined the historical closing prices (and the closing bid prices after the On Command common stock was delisted from the Nasdaq National Market) of On Command common stock from September 4, 2002 to September 4, 2003. During this time period, On Command common stock reached a high of $1.30 per share and a low of $0.30 per share. Credit Suisse First Boston also examined the historical closing prices of Liberty Media common stock from September 4, 2002 to September 4, 2003. During this time period, Liberty Media common stock reached a high of $12.20 per share and a low of $6.29 per share.

Comparable Publicly Traded Company Analysis. Credit Suisse First Boston analyzed the market values and trading multiples of selected publicly traded companies in the in room entertainment and

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information services industry that Credit Suisse First Boston believed were reasonably comparable to On Command. These comparable companies consisted of:

LodgeNet Entertainment Corporation; and

SeaChange International, Inc.

In examining these comparable companies, Credit Suisse First Boston calculated the enterprise value of each company as a multiple of its respective: (i) last twelve-month period for which financial data for the company at issue has been reported, or LTM, revenue and projected calendar year 2003 and 2004 revenue and (ii) LTM earnings before interest expense, taxes, depreciation and amortization, or EBITDA, and projected calendar year 2003 and 2004 EBITDA. The enterprise value of a company is equal to the value of its fully-diluted common equity plus debt and the liquidation value of outstanding preferred stock, if any, minus cash and the value of certain other assets, including minority interests in other entities. Credit Suisse First Boston also calculated the enterprise value of each company as a multiple of its respective number of rooms carrying its service. All historical data was derived from publicly available sources and all projected data was obtained from Wall Street research reports where available.

Based on an analysis of this data and On Command s projected results for comparable periods, Credit Suisse First Boston estimated a value per share of On Command common stock ranging from $0.00 to $2.42, compared to the proposed value, subject to change as provided for in the merger agreement, of $1.90 to $2.10 per share of On Command common stock to be received in the merger based on the average closing price of the Liberty Media common stock during the five trading days ending on the third trading day prior to the closing of the merger.

Premiums Paid Analysis. Credit Suisse First Boston determined the premium over the common stock trading prices for one day, one week and four weeks prior to the announcement date in all squeeze-out transactions of U.S. public companies in which at least 50% of the target was owned prior to the transaction and 90% of the target was owned after the transaction and was announced and completed between January 1, 2000 and August 19, 2003. Credit Suisse First Boston obtained the premiums for these transactions from Securities Data Company. The median premiums for the selected transactions over the common stock trading prices were as follows:

Time Period Prior to Announcement	Premium
One Day	21.4%
One Week	32.5%
Four Weeks	32.5%

Applying the above premiums to the closing price of On Command common stock on comparable days, Credit Suisse First Boston estimated a value per share of On Command common stock ranging from $0.85 to $1.09 compared to the proposed value, subject to change as provided for in the merger agreement, of $1.90 to $2.10 per share of On Command common stock to be received in the merger based on the average closing price of the Liberty Media common stock for the five trading days ending on the third trading day prior to the closing of the merger.

Discounted Cash Flow Analysis. Credit Suisse First Boston performed a discounted cash flow, or DCF, analysis of the projected cash flows of On Command for the fiscal years ending December 31, 2003 through December 31, 2007, using projections and assumptions provided by the management of On Command. The DCFs for On Command were estimated by using discount rates ranging from 12.5% to 13.5%, based on estimates related to the weighted average costs of capital of On Command, and terminal multiples of estimated EBITDA for On Command s LTM ending June 30, 2003 ranging from 5.0x to 6.0x. In addition, Credit Suisse First Boston valued the residual values of the net operating losses by assuming 1% pretax income growth after 2007. Based on this analysis, Credit Suisse First Boston estimated a value per share of On Command common stock ranging from $1.77 to $4.20 compared to the proposed value, subject to change as provided for in the merger agreement, of $1.90 to $2.10 per share of On Command common stock to be

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received in the merger based on the average closing price of the Liberty Media common stock for the five trading days ending on the third trading day prior to the closing of the merger.

Miscellaneous. Credit Suisse First Boston s opinion to the special committee of the board of directors of On Command was one of many factors taken into consideration by the special committee of the board of directors in making its determination to recommend that the board of directors engage in the merger. Consequently, the analyses described above should not be viewed as determinative of the opinion of the special committee of the board of directors of On Command or the management of On Command with respect to the value of On Command or whether the special committee of the board of directors of On Command would have been willing to agree to different consideration.

On Command has agreed to pay Credit Suisse First Boston a fee that is customary for transactions of this nature, a portion of which is contingent on the consummation of the merger. On Command also has agreed to reimburse Credit Suisse First Boston for its out-of-pocket expenses, including fees and expenses of legal counsel and any other advisor retained by Credit Suisse First Boston, and to indemnify Credit Suisse First Boston and related parties against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

Credit Suisse First Boston and its affiliates have in the past provided, and in the future may provide, investment banking and financial services to On Command and Liberty Media unrelated to the proposed merger, for which services Credit Suisse First Boston and its affiliates have received and would expect to receive compensation. In addition, certain funds affiliated or associated with Credit Suisse First Boston own in the aggregate approximately 2.26 million shares of On Command common stock. In the ordinary course of business, Credit Suisse First Boston and its affiliates may actively trade the debt and equity securities of On Command and Liberty Media for their own accounts and for the accounts of customers and, accordingly, may at any time hold long or short positions in those securities.

Interests of Directors and Officers

Certain directors and officers of On Command have one or more of the following interests that may be deemed to be different from, or in addition to, the interests of On Command stockholders generally. In the case of directors of On Command, the following interests presented actual or potential conflicts of interest in determining the exchange ratio and the other terms of the merger:

- ownership of shares of Liberty Media common stock;
- ownership of options convertible into shares of Liberty Media common stock; and
- indemnification arrangements between On Command and the On Command directors and officers.

Officers and directors of Liberty Media, ONCO Acquisition Co. and/or On Command who own shares of On Command common stock (including restricted stock) at the effective time of the merger will receive shares of Liberty Media Series A common stock on the same terms as the On Command public stockholders (except that any shares of restricted stock will remain subject to the same restrictions in place prior to the merger). Officers and directors of Liberty Media, ONCO Acquisition Co. and/or On Command who own options with respect to shares of On Command common stock at the effective time of the merger will have these interests converted by Liberty Media on the same basis as any other outstanding stock options for On Command common stock. Converted stock options will be exercisable with respect to the number of shares of Liberty Media Series A common stock determined by multiplying the number of underlying shares of On Command common stock by the exchange ratio in the merger, with an inverse and proportionate adjustment to the exercise price per share.

The following table identifies those directors and executive officers of On Command who are directors or officers of Liberty Media or its affiliates (other than On Command and its controlled affiliates) and the positions held by such individuals with Liberty Media, On Command and the consolidated subsidiaries of Liberty Media that are public companies. Messrs. Carroll, Fitzgerald, Howard and Sophinos do not receive any compensation for their services as members of On Command s board of directors (except for the reimbursement of reasonable out-of-pocket expenses incurred in connection with attendance at board of director meetings).

Name	Affiliated Entity	Position(s) Held
Kenneth G. Carroll	Liberty Satellite	President, Chief Financial Officer and Treasurer
	On Command	Director
William R. Fitzgerald	Liberty Media	Senior Vice President
	On Command	Director
Paul A. Gould	Liberty Media	Director
	On Command	Director
Gary S. Howard	Liberty Media	Executive Vice President, Chief Operating Officer, Director
	Liberty Satellite	Director and Chairman of the Board
	On Command	Director and Chairman of the Board
Christopher Sophinos	Liberty Satellite	Senior Vice President
	On Command	President, Chief Executive Officer, Director
Pamela J. Strauss	Liberty Satellite	General Counsel and Secretary
	On Command	Senior Vice President, General Counsel and Secretary
J. David Wargo	OpenTV Corp.	Director
	On Command	Director

Indemnification. Please see the section entitled The Merger Agreement Indemnification for a description of certain indemnification rights that the merger agreement provides to present and former directors and officers of On Command and any of its subsidiaries (when acting in such capacity), and any person who is or was serving at the request of On Command as a director or officer of another entity (when acting in such capacity).

Accounting Treatment

The merger will be accounted as a purchase of a minority interest, as this term is used under accounting principles generally accepted in the United States of America, for accounting and financial reporting purposes. Accordingly, the consideration paid for the acquired On Command shares will be allocated to the assets and liabilities of On Command based on their respective fair values.

Material U.S. Federal Income Tax Consequences

General. The following discussion summarizes the material U.S. federal income tax consequences of the merger that are applicable to holders of On Command common stock. It is not a complete analysis of all potential tax effects relevant to the merger. This discussion assumes that you hold your shares of On Command common stock as capital assets within the meaning of Section 1221 of the Internal Revenue Code.

This discussion does not address the tax consequences that may be relevant to a particular On Command stockholder subject to special treatment under U.S. federal income tax laws, such as dealers in securities, banks, insurance companies, financial institutions, partnerships or other pass-through entities, tax-exempt organizations, non-U.S. persons, stockholders who acquired their shares of On Command common stock pursuant to the exercise of options or otherwise as compensation, or stockholders who hold their stock as part of a hedge, constructive sale, wash sale, straddle or conversion transaction, nor does the discussion address any consequences arising under the laws of any state, local or foreign jurisdiction or the application of the U.S. federal estate and gift tax or the alternative minimum tax. Moreover, the tax consequences to holders of

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On Command options and warrants are not discussed. The discussion is based on and subject to the Internal Revenue Code of 1986, as amended, Treasury regulations thereunder, and administrative rulings and court decisions as of the date hereof. All of the foregoing are subject to change, which may be retroactive, and any such change could affect the continuing validity of this discussion. We urge you to consult your own tax advisors concerning the U.S. federal, state and local and foreign tax consequences of the merger to you.

Tax Consequences to On Command Common Stockholders.

The merger will be treated for tax purposes as a taxable sale or exchange of On Command shares for shares of Liberty Media Series A common stock and for cash in lieu of fractional shares, if applicable. On Command stockholders will have taxable gain or loss equal to the difference between their aggregate basis for their On Command shares surrendered in the merger and the sum of the amount of cash and the fair market value of the Liberty Media Series A common stock they receive in the merger. The gain or loss will be capital if they held their shares of On Command stock as capital assets and would be long term gain or loss if they held their shares of On Command common stock for more than a year as of the date of the merger. Long term capital gains of individuals are generally taxed at more favorable tax rates than other types of income or gain. Capital losses are generally deductible only against capital gains, plus, in the case of individuals, $3,000 each year.

Your aggregate adjusted basis in the Liberty Media Series A common stock received in the merger generally will be equal to the fair market value of such stock as of the date of the merger. Your holding period in the Liberty Media Series A common stock received in the merger will begin on the day after the date of the merger.

Consequences to the Corporations

The corporations that are parties to the merger will recognize no gain or loss in the merger. The merger will be treated as a taxable purchase of the stock of On Command. Such a transaction results in gain or loss recognition for the On Command stockholders, but no gain or loss recognition for the corporations.

The foregoing is a general discussion of the material United States federal income tax consequences of the merger and is included for general information only. The foregoing discussion does not take into account the particular facts and circumstances of your status and attributes. As a result, the United States federal income tax consequences addressed in the foregoing discussion may not apply to you. In view of the individual nature of income tax consequences, you are urged to consult your own tax advisor to determine the specific tax consequences of the merger to you, including the application and effect of United States federal, state, local and other tax laws and the possible effects of changes in United States federal and other tax laws.

Deregistration of On Command Common Stock after the Merger

If the merger is completed, On Command common stock will be deregistered under the Securities Exchange Act of 1934 and will no longer be eligible for quotation on the OTC Bulletin Board.

Liberty Satellite/ Liberty Media Merger

Liberty Media has also entered into a merger agreement with Liberty Satellite, pursuant to which Liberty Media would acquire all of the publicly held common stock of Liberty Satellite that it does not already beneficially own. In this separate merger transaction, unaffiliated holders of Liberty Satellite common stock will receive 0.2750 of a share of Series A common stock of Liberty Media in exchange for each share of Liberty Satellite common stock that they own. This exchange ratio has been fixed and will not be adjusted for changes in the price of Liberty Media s or Liberty Satellite s common stock. In connection with the Liberty Satellite/ Liberty Media merger, a total of approximately 1,893,726 shares of Liberty Media Series A common stock will be issued or issuable in exchange for outstanding shares of Liberty Satellite common stock and upon exercise of options or other rights to acquire shares of Liberty Satellite common stock outstanding at the time of the merger. The obligations of the parties to complete each of the two respective mergers will not be contingent upon the completion of the other merger.

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Certain Litigation

Shortly after On Command s announcement on April 2, 2003 of Liberty Media s initial merger proposal, a putative class action lawsuit was filed on behalf of On Command stockholders in the Court of Chancery of the State of Delaware (the Delaware Court) against Liberty Media, On Command and members of the board of directors of On Command (the Class Action Lawsuit). The complaint alleges, among other things, that the defendants breached fiduciary and other duties in connection with Liberty Media s proposal to acquire ownership of all issued and outstanding shares of On Command common stock. The complaint seeks a court order enjoining the proposed transaction, an award of unspecified damages and attorneys fees, the unwinding of any transaction consummated and various other equitable relief.

Following settlement discussions between plaintiffs counsel and counsel for Liberty Media during late August and early September, the parties to the pending stockholder litigation agreed on and executed a memorandum of understanding on September 9, 2003 to reflect a proposed settlement of the litigation. The parties also agreed, subject to the conditions described below, to enter into a settlement agreement, cooperate in public disclosures related to the settlement and use best efforts to gain approval of the settlement by the Delaware courts. Without any admission of fault by the defendants, the memorandum of understanding contemplates a dismissal of all claims with prejudice and a release in favor of all defendants of any and all claims related to the proposed transaction that have been or could have been asserted by the plaintiffs or any members of the purported class consisting of all record and beneficial holders of On Command common stock from April 2, 2003 through the completion of the merger. These dismissed claims are referred to in this proxy statement/ prospectus as the settled claims.

The proposed settlement is subject to numerous conditions, including the completion of confirmatory discovery, execution of a settlement agreement, a determination by Liberty Media that the dismissal of the litigation in accordance with the settlement agreement will result in the final release with prejudice of the settled claims, final approval of the settlement by the Delaware courts and completion of the merger. Because the proposed settlement is subject to consummation of the merger and other conditions described above, any settlement will not be final at the time you will be asked to vote on the merger.

If the parties to the litigation do not proceed with the proposed settlement, or in the event that the proposed settlement ultimately is not approved by the Delaware courts, the litigation could proceed and plaintiffs could seek the relief sought in their complaints, including rescission of the merger or an award of damages in favor of On Command stockholders in any plaintiff class that might be certified.

THE MERGER AGREEMENT

The following description of the merger agreement is qualified in its entirety by reference to the complete text of the merger agreement, which is incorporated by reference herein and a copy of which is annexed to this proxy statement/ prospectus as **Annex I**.

General Structure; Effective Time

The merger agreement provides that, upon the terms and subject to the conditions of the merger agreement, ONCO Acquisition Co. will merge with and into On Command, with On Command being the surviving corporation. In the merger, which will become effective on the date and at the time that a certificate of merger is accepted for filing by the Delaware Secretary of State in accordance with the applicable provisions of the Delaware corporate statute (or such later date and time as may be agreed to by Liberty Media and On Command and specified in the certificate of merger), stockholders of On Command will receive the consideration described below under Consideration to be Received in the Merger. The effective time of the merger will occur as soon as practicable after the last of the conditions described under Conditions to the Merger below, has been satisfied or waived by Liberty Media or On Command, as applicable. We expect the merger to become effective as soon as practicable following the special meeting of stockholders. However, because the merger is subject to certain conditions, the merger may occur on any date thereafter, or not at all.

As a result of the merger, Liberty Media will acquire all of the common stock of On Command that is not already beneficially owned by ONCO Acquisition Co., Liberty Media and its wholly-owned subsidiaries or Liberty Satellite and its wholly-owned subsidiaries. The merger agreement provides that:

- the On Command certificate of incorporation will remain as the certificate of incorporation of On Command after the merger until thereafter amended in accordance with the terms thereof and the Delaware corporate statute;
- On Command s bylaws will remain as the bylaws of On Command after the merger until thereafter amended in accordance with the terms thereof, the certificate of incorporation of On Command and the Delaware corporate statute; and
- the parties will take appropriate action to ensure that the directors of ONCO Acquisition Co. and the officers of On Command at the effective time of the merger will, from and after the effective time of the merger, be the directors and officers of On Command after the merger until their respective successors are duly elected or appointed and qualified in accordance with the certificate of incorporation and bylaws of On Command, or as otherwise provided by applicable law.

Consideration to be Received in the Merger

Liberty Media Series A Common Stock. At the effective time of the merger, each holder of shares of On Command common stock (other than Liberty Media, ONCO Acquisition Co., Liberty Satellite, wholly-owned subsidiaries of Liberty Media and Liberty Satellite, and shares held in treasury of On Command) who has not properly exercised appraisal rights, will be entitled to receive a fraction of a share of Liberty Media Series A common stock for each share of On Command common stock held immediately prior to the merger equal to the exchange ratio described under Exchange Ratio below. Liberty Media will not issue fractional shares of Liberty Media Series A common stock in the merger. Instead, if any holder of On Command common stock would be entitled to receive a number of shares of Liberty Media Series A common stock that includes a fraction, then in lieu of a fractional share, the stockholder will be entitled to receive cash in an amount determined by multiplying the fraction by the current market value of a whole share of Liberty Media Series A common stock and rounding the product to the nearest whole cent. The current market value of a share of Liberty Media Series A common stock means, for this purpose, the average of the last reported sale prices of a share of Liberty Media Series A common stock on the New York Stock Exchange for the period of five consecutive trading days prior to the last full trading day preceding the closing date of the merger.

Exchange Ratio. The exchange ratio is 0.166 of a share of Series A common stock of Liberty Media for each share of On Command common stock subject to certain adjustments described below based on the trading price of Liberty Media Series A common stock. If the implied value of the exchange ratio in the merger is less than $1.90 or more than $2.10 per share of On Command common stock, based on the average closing price of the Liberty Media Series A common stock for the five trading days ending on the third trading day prior to the closing of the merger, then the exchange ratio will be adjusted upward or downward, as applicable, to yield an implied value of $1.90 or $2.10 per share, respectively, based on such average closing price. However, if the average closing price of Liberty Media Series A common stock over such period is less than $10.00 per share, the exchange ratio will be capped at 0.190, subject to (i) the right of On Command to terminate the merger agreement and abandon the merger, if the exchange ratio is so capped, and (ii) the right of Liberty Media to increase the exchange ratio above 0.190, to yield an implied value of $1.90 per share of On Command common stock, in which case the merger agreement will not be terminated and the merger will be consummated at such increased exchange ratio. Any decision of the On Command board of directors to terminate the merger agreement as described above would be made by vote of the On Command independent directors. If the average closing price of Liberty Media Series A common stock over the relevant period is less than $10.00 per share and On Command does not elect to terminate the merger agreement, or if the price of Liberty Media Series A common stock on the closing date of the merger is less than the average price used to calculate any adjustment to the exchange ratio under the merger agreement, then on the closing date the Liberty Media Series A common stock you receive in the merger could be worth less than $1.90 per share of On Command common stock converted in the merger.

By way of illustration, the following table provides examples of the exchange ratio calculated at various hypothetical average closing prices of a Liberty Media Series A common share over a five trading day period and the corresponding implied value of the merger consideration per share of On Command common stock. The table below assumes that the On Command independent directors do not elect to terminate the merger agreement if the five-day average used to calculate the exchange ratio is less than $10.00 per share.

Five-Day Average	Exchange Ratio	Implied Value
$9.00(1)	0.190	$1.71
$9.50(2)	0.190	$1.81
$10.00	0.190	$1.90
$11.00	0.173	$1.90
$11.45	0.166	$1.90
$12.00	0.166	$1.99
$12.65	0.166	$2.10
$14.00	0.150	$2.10

(1) If the On Command independent directors did elect to terminate the merger agreement because the five-day average is less than $10.00 per share, then Liberty Media, in its sole discretion, could elect to increase the exchange ratio to 0.211, which would yield an implied value of $1.90 per share.

(2) If the On Command independent directors did elect to terminate the merger agreement because the five-day average is less than $10.00 per share, then Liberty Media, in its sole discretion, could elect to increase the exchange ratio to 0.200, which would yield an implied value of $1.90 per share.

Treatment of On Command Stock Options and Restricted Stock. On Command s outstanding stock options issued under the Amended and Restated On Command 1996 Key Employee Stock Option Plan and the Amended and Restated On Command 1997 Non-Employee Directors Stock Plan, as amended, and other stock options not issued under that plan, will each be converted into rights to acquire Liberty Media Series A common stock. Converted stock options will be exercisable with respect to the number of shares of Liberty Media Series A common stock determined by multiplying the number of underlying shares of On Command common stock on the effective date of the merger by the exchange ratio, rounded up to the nearest whole share. The exercise price per share of Liberty Media Series A common stock issuable under each converted stock option will be calculated by dividing the exercise price of the option before the merger by the exchange ratio, rounded down to the nearest whole cent. It is a condition to the obligations of Liberty Media under the merger agreement that the On Command board of directors adopt a resolution stating that the transactions contemplated by the merger agreement do not constitute a change of control under provisions applicable to options to purchase On Command common stock.

In addition, each restricted share of On Command common stock issued under or outside of the On Command plans will be converted into restricted shares of Liberty Media Series A common stock at the exchange ratio, rounded up to the nearest whole share. Each restricted share of Liberty Media Series A common stock issued to holders of On Command restricted stock will remain subject to the same restrictions applicable to such share prior to the merger.

Effect of the Merger on On Command Preferred Stock. All shares of On Command Series A, B, C and D preferred stock that are issued and outstanding immediately prior to the merger will remain outstanding after the merger, except for any shares of Series A preferred stock held by those stockholders who exercise their statutory dissenters rights of appraisal. All outstanding shares of Series A preferred stock are currently held by the former Chairman of the Board and Chief Executive Officer of On Command, Jerome H. Kern, who is also a director of Liberty Media. All outstanding shares of Series B, C and D preferred stock are currently held by Ascent Entertainment Group, Inc., a wholly owned subsidiary of Liberty Satellite. The Liberty Satellite board of directors has authorized Liberty Satellite to waive any dissenters rights of appraisal that it has with respect to the On Command Series B, C and D preferred stock that it beneficially owns. Liberty Satellite is not subject to any binding agreement to waive its dissenters rights of appraisal, and there can be no assurance that the board of directors of Liberty Satellite will not revoke such authorization prior to the special meeting. The terms of On Command s Series A preferred stock provide that, after the merger, each share of Series A preferred stock will no longer be convertible into 100 shares of On Command common stock, but instead will be convertible into the number of shares of Liberty Media Series A common stock equal to 100 multiplied by the exchange ratio. After the merger, each share of On Command Series D preferred stock will continue to be convertible into On Command common stock. For additional information on the On Command preferred stock, please see the section entitled Comparison of Stockholder Rights, on page 58.

ONCO Acquisition Co. Capital Stock. At the effective time of the merger, the shares of capital stock of ONCO Acquisition Co. outstanding immediately prior to the effective time of the merger will be converted into a number of shares of common stock of On Command (as the surviving corporation in the merger) equal to the number of shares of On Command common stock which are exchanged for Liberty Media Series A common stock plus the number of shares of On Command s common stock and Series A preferred stock (as if such shares were converted into On Command common stock immediately prior to the effective time of the merger) held by those stockholders who exercise their statutory dissenters rights of appraisal. As a result, Liberty Media will acquire all of the common stock of On Command that is not beneficially owned by Liberty Media and its subsidiaries, including Liberty Satellite.

On Command Common Stock Held by Liberty Satellite. At the effective time of the merger, each share of common stock of On Command owned by Liberty Satellite or any wholly-owned subsidiary of Liberty Satellite will remain as an issued and outstanding share of common stock of On Command, as the surviving corporation.

Certain Adjustments. If, prior to the effective time of the merger, the Liberty Media Series A common stock is recapitalized or reclassified or Liberty Media effects any stock dividend, stock split, or reverse stock split of Liberty Media Series A common stock or otherwise effects any transaction that changes the Liberty Media Series A common stock into any other securities (including securities of another corporation), then the shares of Liberty Media Series A common stock to be delivered in the merger to the holders of On Command common stock will be appropriately and equitably adjusted to the kind and amount of shares of stock and other securities and property that the holders of the shares of Liberty Media Series A common stock would have been entitled to receive had the shares been issued and outstanding as of the record date for determining stockholders entitled to participate in such corporate event.

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Exchange of Shares. Promptly after the effective time of the merger, transmittal letters will be mailed to each holder of record of shares of On Command common stock to be used in forwarding his or her certificates evidencing such shares for surrender and exchange for certificates evidencing the shares of Liberty Media Series A common stock to which he or she has become entitled and, if applicable, cash in lieu of a fractional share of Liberty Media Series A common stock. After receipt of this transmittal letter, each holder of certificates formerly representing On Command common stock should surrender such certificates to the exchange agent designated in the transmittal letter, and each such holder will receive in exchange therefor certificates evidencing the number of whole shares of Liberty Media Series A common stock to which he or she is entitled and a check for any cash that may be payable in lieu of a fractional share of Liberty Media Series A common stock. These transmittal letters will be accompanied by instructions specifying other details of the exchange.

Stockholders should not send in their certificates until they receive a transmittal letter.

After the effective time of the merger, except for holders of On Command common stock who exercise their statutory dissenters rights of appraisal, each certificate evidencing On Command common stock (other than certificates evidencing shares held directly by On Command in its treasury or shares owned of record by ONCO Acquisition Co., Liberty Media, Liberty Satellite or any wholly-owned subsidiary of Liberty Media or Liberty Satellite), until so surrendered and exchanged, will be deemed, for all purposes, to evidence only the right to receive the number of shares of Liberty Media Series A common stock that the holder of the certificate is entitled to receive and the right to receive any cash payment in lieu of a fractional share of Liberty Media Series A common stock. The holder of the unexchanged certificate will not be entitled to receive any dividends or other distributions payable by Liberty Media until the certificate is surrendered. Subject to applicable laws, these dividends and distributions, if any, will be accumulated and, at the time of the surrender, all such unpaid dividends and distributions, together with any cash payment in lieu of a fractional share of Liberty Media Series A common stock, will be paid, without interest.

Regulatory Approvals; Conditions to the Merger.

Regulatory Approvals. We are not aware of any material regulatory requirements applicable to the merger under any U.S. state or federal law or regulation, other than any requirements under applicable federal and state securities laws and regulations and Delaware corporate law.

Conditions of all Parties. The respective obligations of On Command, Liberty Media and ONCO Acquisition Co. to consummate the transactions contemplated by the merger agreement are subject to the satisfaction or, where permissible, waiver of the following conditions:

- adoption of the merger agreement and approval of the merger by the requisite vote of the stockholders of On Command at the special meeting;
- effective registration under the Securities Act of 1933 of the shares of Liberty Media Series A common stock to be issued in connection with the merger and receipt of all state securities law permits and authorizations necessary to carry out the transactions contemplated by the merger agreement; and
- the absence of any effective permanent or preliminary injunction or similar order issued by a court or other governmental entity of competent jurisdiction preventing consummation of the transactions contemplated by the merger agreement as provided therein or permitting such consummation only subject to any condition or restriction that has or would have a material adverse effect on On Command.

Conditions of Liberty Media and ONCO Acquisition Co.. The obligations of Liberty Media and ONCO Acquisition Co. to consummate the transactions contemplated by the merger agreement are also subject to the satisfaction or waiver of the following conditions:

- the material accuracy of the representations and warranties and the performance, in all material respects, of the obligations, agreements and covenants made by On Command in the merger agreement;

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receipt of certain closing certificates from On Command;

no action having been taken, nor any statute, rule, regulation, order, judgment or decree proposed, enacted, issued, enforced or deemed applicable by any foreign or United States federal, state or local governmental entity, and the absence of any pending or threatened action, suit or proceeding, that (i) makes or may make the transactions contemplated by the merger agreement illegal or imposes or may impose material damages or penalties in connection therewith, (ii) requires or may require the divestiture of a material portion of the business of Liberty Media or any of its subsidiaries, (iii) imposes or may impose material limitations on the ability of Liberty Media effectively to exercise full rights of ownership of shares of capital stock of On Command or makes the holding by Liberty Media of any such shares illegal or subject to any materially burdensome requirement or condition, (iv) requires or may require Liberty Media, On Command or any of their respective material subsidiaries or affiliates to refrain from engaging in any material business if the merger is consummated, or (v) materially increases Liberty Media s liabilities or obligations arising out of the merger agreement, the merger, or any transactions contemplated in connection therewith;

receipt of all material governmental and applicable third party consents, approvals and authorizations;

a material adverse effect on the business, properties, operations, or financial condition of On Command and its subsidiaries taken as a whole or on On Command s ability to consummate the merger, shall not have occurred since the date of the merger agreement; and

adoption of a resolution by On Command stating that the transactions contemplated by the merger agreement do not constitute a change of control under provisions applicable to options to purchase On Command common stock.

Conditions of On Command. The obligation of On Command to consummate the transactions contemplated by the merger agreement is also subject to the satisfaction or waiver of the following conditions:

the material accuracy of the representations and warranties and the performance, in all material respects, of the obligations, agreements and covenants made by Liberty Media and ONCO Acquisition Co. in the merger agreement;

receipt of certain closing certificates from Liberty Media;

no action having been taken, nor any statute, rule, regulation, order, judgment or decree proposed, enacted, issued, enforced or deemed applicable by any foreign or United States federal, state or local governmental entity, and the absence of any pending or threatened action, suit or proceeding, that (i) makes or may make the merger agreement, the merger or any of the other transactions contemplated by the merger agreement illegal or may impose material damages or penalties in connection therewith, or (ii) has or, in the reasonable judgment of On Command, assuming consummation of the merger, is reasonably likely to have a material adverse effect on the business, properties, operations or financial condition of Liberty Media and its subsidiaries (including On Command and its subsidiaries), taken as a whole;

receipt of all material governmental consents, approvals and authorizations; and

the shares of Liberty Media Series A common stock that will be issued in connection with the merger must be authorized for listing on the New York Stock Exchange, subject only to official notice of issuance.

Covenants

Certain Covenants by On Command. On Command has agreed, except as permitted, required or specifically contemplated by the merger agreement or consented to in writing by Liberty Media, to conduct, and to cause each of its subsidiaries to conduct, its business, in the ordinary and usual course consistent with past practice, and to use its reasonable efforts to preserve intact its business organization, to preserve its licenses and other permits in full force and effect, to keep available the services of its present officers and key employees and to preserve the good will of those with which it has business relationships. On Command has also agreed that except as permitted, required or specifically contemplated by the merger agreement or consented to in writing by Liberty Media, it will not and will not permit any of its subsidiaries to, prior to the effective time of the merger:

- amend its certificate of incorporation or bylaws or other governing instrument or document;
- authorize for issuance, issue, grant, sell, deliver, dispose of, pledge or otherwise encumber any shares of its capital stock or any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for any shares of its capital stock or other equity or voting interests, or any rights, options, warrants, calls, commitments or other agreements of any character to purchase or acquire any shares of its capital stock or other equity or voting interests, or any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for, any shares of its capital stock or other equity or voting interests, subject to certain specified exceptions;
- split, combine, subdivide or reclassify the outstanding shares of its capital stock or other equity or voting interests, or declare, set aside for payment or pay any dividend, or make any other actual constructive or deemed distribution in respect of any shares of its capital stock or other equity or voting interests, or otherwise make any payments to stockholders or owners of equity or voting interests in their capacity as such (other than dividends or distributions paid by any wholly-owned subsidiary of On Command to On Command or another wholly-owned subsidiary);
- redeem, purchase or otherwise acquire, directly or indirectly, any outstanding shares of capital stock or other securities or equity or voting interests of On Command or any subsidiary of On Command, subject to certain specified exceptions;
- make any other changes in its capital or ownership structure;
- sell or grant a lien with respect to any stock, equity or partnership interest owned by it in any subsidiary of On Command;
- enter into or assume any contract, agreement, obligation, commitment or arrangement with respect to any of the foregoing; or
- take certain other actions outside of the ordinary course of business.

In addition, On Command has agreed that it will not, and it will not permit its officers, directors, representatives and agents to, directly or indirectly, (i) take any action to solicit, initiate or knowingly encourage the submission of any offer or proposal concerning a tender offer, exchange offer, merger, share exchange, recapitalization, consolidation or other similar business combination, or a direct or indirect acquisition in any manner of a significant equity interest in, or a substantial portion of the assets of, On Command (each, an Acquisition Proposal) or (ii) engage in discussions or negotiations with any person to facilitate an Acquisition Proposal. However, On Command may engage in discussions or negotiations with, and furnish nonpublic information or access to, any person in response to an unsolicited Acquisition Proposal, if (y) it has complied with the foregoing non-solicitation covenant and (z) the On Command board of directors determines in good faith after consultation with counsel that it is necessary to do so in order to discharge its fiduciary duties under applicable law. On Command must notify Liberty Media of, and keep it informed of any developments with respect to, an Acquisition Proposal.

Certain Covenants by Liberty Media. Pursuant to the merger agreement, Liberty Media has agreed, in its capacity as a beneficial owner of On Command common and preferred stock, to use commercially reasonable efforts to cause the On Command stock beneficially owned by it to be voted at the special meeting in favor of the proposal to adopt the merger agreement.

Indemnification

The merger agreement provides that, from and after the effective time of the merger, On Command (as the surviving corporation in the merger) will indemnify, defend and hold harmless the present and former directors and officers of On Command and any of its subsidiaries (when acting in such capacity), and any person who is or was serving at the request of On Command as a director or officer of another entity (when acting in such capacity) (collectively, the Indemnified Parties) against all losses, claims, damages, costs, expenses (including fees and expenses of counsel properly retained by an Indemnified Party under the merger agreement), liabilities or judgments or amounts that are paid in settlement with the approval of On Command (which approval shall not be unreasonably withheld or delayed) of or in connection with any claim, action, suit, proceeding or investigation based in whole or in part on or arising in whole or in part out of the fact that such person was at any time prior to the effective time of the merger a director or officer of On Command, pertaining to any matter existing or occurring at or prior to the effective time of the merger and whether asserted or claimed prior to, at or after the effective time of the merger (Indemnified Liabilities) to the full extent that (x) a corporation is permitted under Delaware law to indemnify or advance expenses to its own directors or officers, as the case may be, (y) such Indemnified Party would have been entitled to be indemnified by On Command, if such Indemnified Party was a director or officer of On Command, with respect to the Indemnified Liabilities in question under the On Command certificate of incorporation and On Command s bylaws as in effect on September 9, 2003 and under any indemnification agreement with On Command in a form disclosed to Liberty Media prior to the date of the merger agreement and (z) such indemnification otherwise is permitted by applicable law.

Listing of Liberty Media Series A Common Stock

Liberty Media will use reasonable efforts to cause the shares of Liberty Media Series A common stock that will be issued in the merger (including shares issued in connection with On Command s options converted in the merger) to be authorized for listing on the New York Stock Exchange, subject to official notice of issuance, before completing the merger. The merger will not be completed before the authorization is obtained.

Termination, Amendment and Waiver

Termination. The merger agreement may be terminated and the merger abandoned at any time prior to the effective time of the merger, whether before or after adoption of the merger agreement by the stockholders of On Command, by:

mutual consent of On Command and Liberty Media;

either On Command, on the one hand, or Liberty Media and ONCO Acquisition Co., on the other hand, if (i) the merger has not been consummated before March 31, 2004, unless this failure is due to the failure of the party seeking to terminate the merger agreement to perform any of its obligations thereunder, (ii) there has been a material breach of any representation, warranty, covenant or agreement on the part of the other party (or by ONCO Acquisition Co., if the party seeking to terminate the merger agreement is On Command) contained in the merger agreement and this breach is incapable of being cured, (iii) any court of competent jurisdiction or other competent governmental authority has issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the merger and this action has become final and nonappealable, or (iv) the required adoption of the merger agreement by the stockholders of On Command has not been duly obtained, provided the terminating party has complied with its obligations contained in the merger agreement regarding the special meeting and applicable Securities and Exchange Commission filings; or

Liberty Media or On Command, if the On Command board of directors has withdrawn or modified in any manner adverse to Liberty Media its recommendation to On Command stockholders regarding the adoption of the merger agreement and approval of the merger; or

On Command (upon a determination of its independent directors) if the implied value of the exchange ratio, as adjusted pursuant to the terms of the merger agreement, is less than $1.90 per share, based on the average closing price of Liberty Media Series A common stock during the five trading days ending

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on the third trading day prior to the closing of the merger, unless Liberty Media elects to increase the exchange ratio to yield an implied value per share of On Command common stock of $1.90.

In the event of termination of the merger agreement by either On Command or Liberty Media as provided above, the merger agreement will become void and there will be no liability or obligation on the part of Liberty Media, ONCO Acquisition Co., On Command or their respective affiliates, stockholders, officers, directors, agents or representatives (other than under certain specified provisions of the merger agreement which will survive the termination thereof and other than to the extent this termination results from the willful breach by Liberty Media, ONCO Acquisition Co. or On Command of any of its respective representations, warranties, covenants or agreements contained in the merger agreement).

Amendment and Waiver. On Command and Liberty Media may amend the merger agreement, by action taken or authorized by their respective boards of directors, at any time prior to the effective time of the merger, either before or after adoption by the stockholders of On Command of the merger agreement, except that after the adoption by the stockholders of On Command, no amendment may be made that by law requires further approval by such stockholders without such further approval. At any time prior to the effective time of the merger, either On Command or Liberty Media, by action taken or authorized by such party s board of directors, may, to the extent legally allowed, extend the time specified in the merger agreement for the performance of any of the obligations of the other party, waive any inaccuracies in the representations and warranties of the other party contained in the merger agreement or in any document delivered pursuant thereto, waive compliance by the other party with any of the agreements or covenants of such other party contained in the merger agreement or waive any condition to such waiving party s obligation to consummate the transactions contemplated by, or other obligations under, the merger agreement.

Certain Restrictions on Resale of Liberty Media Series A Common Stock

All shares of Liberty Media Series A common stock received by On Command stockholders in the merger will be registered under the Securities Act of 1933 and freely transferable under the federal securities laws, except that any such shares received by persons who are deemed affiliates (as this term is defined under the Securities Act of 1933) of On Command prior to the merger may be resold by them only in transactions permitted by the resale provisions of Rule 145 under the Securities Act of 1933 (or Rule 144 in the case of such persons who are or become affiliates of Liberty Media) or as otherwise permitted under the Securities Act of 1933. This proxy statement/ prospectus may also be used as a prospectus for the resale by affiliates of On Command of shares of Liberty Media Series A common stock acquired in the merger. Any such resale would be reflected in a supplement to this proxy statement/ prospectus or a post-effective amendment to the registration statement, as appropriate.

Persons who may be deemed to be affiliates of On Command or Liberty Media generally include individuals or entities that control, are controlled by, or are under common control with such party and may include certain officers and directors of such party as well as principal stockholders of such party. The merger agreement requires On Command to use reasonable efforts to cause each of its affiliates to execute a written agreement to the effect that such person will not offer or sell or otherwise dispose of any of the shares of Liberty Media Series A common stock issued to such person in or pursuant to the merger in violation of the Securities Act of 1933 or the rules and regulations promulgated by the Securities and Exchange Commission thereunder.

APPRAISAL RIGHTS OF DISSENTING STOCKHOLDERS

If the merger is consummated, holders of On Command common stock on the date of making a demand for appraisal, as described below, will be entitled to have the fair value of those shares appraised by the Delaware Court of Chancery under Section 262 of the Delaware corporate statute and to receive payment for the fair value of those shares instead of the merger consideration. In order to be eligible for such appraisal rights, however, a stockholder must (1) continue to hold such stockholder s shares through the effective date of the merger; (2) strictly comply with the procedures described in Section 262 and (3) not have voted in favor of the merger (a stockholder s vote against the merger, including as a result of a failure to vote, will not in and of itself constitute a waiver or exercise of his or her appraisal rights).

Holders of On Command preferred stock will also be entitled to exercise their statutory dissenters rights of appraisal. All outstanding shares of Series A preferred stock are currently held by the former Chairman of the Board and Chief Executive Officer of On Command, Jerome H. Kern, who is also a director of Liberty Media. All outstanding shares of Series B, C and D preferred stock are currently held by Ascent Entertainment Group, Inc., a wholly owned subsidiary of Liberty Satellite. The Liberty Satellite board of directors has authorized Liberty Satellite to waive any dissenters rights of appraisal that it has with respect to the On Command common stock and Series B, C and D preferred stock that it beneficially owns. Liberty Satellite is not subject to any binding agreement to waive its dissenters rights of appraisal, and there can be no assurance that the board of directors of Liberty Satellite will not revoke such authorization prior to the special meeting.

The statutory right of appraisal granted by Section 262 requires strict compliance with the procedures set forth in Section 262. Failure to follow any of these procedures may result in a termination or waiver of appraisal rights under Section 262. The following is a summary of the principal provisions of Section 262.

The following summary is not a complete statement of Section 262 of the Delaware corporate statute, and is qualified in its entirety by reference to Section 262, which is incorporated in this proxy statement/ prospectus by reference, together with any amendments to the laws that may be adopted after the date of this proxy statement/ prospectus. A copy of Section 262 is attached as **Annex II** to this proxy statement/ prospectus.

Notice Requirements. Under Section 262, not less than 20 days prior to the date of the special meeting, On Command, as the surviving corporation, is required to mail to each On Command stockholder entitled to appraisal rights, a notice that appraisal rights are available to the stockholder. This notice must also include a copy of Section 262. **This proxy statement/ prospectus constitutes your notice of appraisal rights as required under Section 262, including your notice as to the time periods in which you have to exercise those rights No further notice as to time restrictions on your appraisal rights will be given. It was mailed to the stockholders of On Command on or about November 4, 2003.**

Demand for Appraisal. In order to exercise appraisal rights, a stockholder must, before the taking of the vote on the merger agreement and the merger at the special meeting, demand in writing from the surviving corporation, On Command, an appraisal of the stockholder s shares of On Command stock. This demand will be sufficient if it reasonably informs On Command of the identity of the stockholder and that the stockholder intends to demand an appraisal of the fair value of the stockholder s shares of On Command stock. Failure to make this demand on or before the taking of the vote on the merger agreement and the merger at the meeting will foreclose a stockholder s rights to appraisal. A stockholder s vote against the merger agreement and the merger, including as a result of a failure to vote, will not in and of itself constitute a waiver or exercise of his or her appraisal rights. **All demands should be delivered to On Command and addressed as follows: On Command Corporation, 4610 South Ulster Street, 6th Floor, Denver, Colorado 80237, Attention: Corporate Secretary.**

Only a record holder of shares of On Command stock on the date of making a written demand for appraisal who continuously holds those shares through the time of the merger is entitled to seek appraisal. Demand for appraisal must be executed by or for the holder of record, fully and correctly, as that holder s name appears on the holder s stock certificates representing shares of On Command stock. If On Command stock is owned of record in a fiduciary capacity by a trustee, guardian or custodian, the demand should be made in that capacity. If On Command stock is owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be made by or for all owners of record.

An authorized agent, including an agent for one or more joint owners, may execute the demand for appraisal for a holder of record; that agent, however, must identify the record owner or owners and expressly disclose in the demand that the agent is acting as agent for the record owner or owners of the shares. If a stockholder holds shares of On Command stock through a broker who in turn holds the shares through a

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central securities depository nominee such as Cede & Co., a demand for appraisal of such shares must be made by or on behalf of the depository nominee and must identify the depository nominee as record holder.

A record holder such as a broker, fiduciary, depository or other nominee who holds shares of On Command stock as a nominee for more than one beneficial owner, some of whom desire to demand appraisal, may exercise appraisal rights on behalf of those beneficial owners with respect to the shares of On Command stock held for those beneficial owners. In that case, the written demand for appraisal should state the number of shares of On Command stock covered by it. Unless a demand for appraisal specifies a number of shares, the demand will be presumed to cover all shares of On Command stock held in the name of the record owner.

This proxy statement/ prospectus constitutes statutory notice that beneficial owners who are not record owners and who intend to exercise appraisal rights should instruct the record owner to comply with the statutory requirements with respect to the exercise of appraisal rights before the taking of the vote on the merger agreement and the merger at the special meeting.

Within 10 days of the effective date of the merger, On Command must notify each stockholder whose demand for appraisal complies with Section 262 and who has not voted in favor of the merger of the date that the merger has become effective.

Filing of Petition. Within 120 days after the effective date of the merger, any stockholder who has complied with the applicable provisions of Section 262 will be entitled, upon written request, to receive from On Command a statement setting forth the aggregate number of shares of stock with respect to which demands for appraisal were received by On Command and the number of holders of these shares.

On Command must mail this statement within ten days after it receives the written request or within ten days after the expiration of the period for the delivery of demands as described above, whichever is later.

Within 120 days after the effective date of the merger, the surviving corporation or any stockholder who has complied with the requirements of Section 262 may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares of On Command stock held by all stockholders seeking appraisal. A dissenting stockholder must serve a copy of the petition on On Command. If no petition is filed within the 120-day period, the rights of all dissenting stockholders to appraisal will cease.

Stockholders seeking to exercise appraisal rights should not assume that the surviving corporation will file a petition with respect to the appraisal of the fair value of their shares or that the surviving corporation will initiate any negotiations with respect to the fair value of those shares. The surviving corporation is under no obligation to, and has no present intention to, take any action in this regard. Accordingly, stockholders who wish to seek appraisal of their shares should initiate all necessary action with respect to the perfection of their appraisal rights within the time periods and in the manner prescribed in Section 262. **Failure to file the petition on a timely basis will cause the stockholder s right to an appraisal to cease.**

Hearing in Chancery Court. If a petition for an appraisal is filed in a timely manner, at the hearing on the petition, the Delaware Court of Chancery will determine which stockholders are entitled to appraisal rights and will appraise the shares of On Command stock owned by those stockholders. The Delaware Court of Chancery may require the stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their stock certificates to the Register in Chancery for notation on such certificates of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Delaware Court of Chancery may dismiss the proceedings as to such stockholder. The court will determine the fair value of those shares, taking into account all relevant circumstances, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, to be paid, if any, upon the fair value. The Delaware Court of Chancery may determine the cost of the appraisal proceeding and assess it against the parties as the court deems equitable.

Neither Liberty Media nor On Command makes any representation as to the outcome of the appraisal of fair value as determined by the court and stockholders should recognize that such an appraisal could result in a determination of a value that is higher or lower than, or the same as, the merger consideration. Liberty Media does not anticipate offering more than the merger consideration to any stockholder exercising appraisal rights and reserves the right to assert, in any appraisal proceeding, that, for purposes of Section 262, the fair value of a share of On Command common stock is less than the merger consideration.

Expenses. Each dissenting stockholder is responsible for his or her attorneys and expert witness expenses, although upon application of a dissenting stockholder, the court may order that all or a portion of the expenses incurred by any dissenting stockholder in connection with the appraisal proceeding (including, without limitation, reasonable attorney s fees and the fees and expenses of experts) be charged pro rata against the value of all shares of On Command stock entitled to appraisal. In the absence of a court determination or assessment, each party bears its own expenses.

No Right to Vote or Receive Dividends. Any stockholder who has demanded appraisal in compliance with Section 262 will not, after the merger, be entitled to vote such stock for any purpose or receive payment of dividends or other distributions, if any, on On Command stock, except for dividends or distributions, if any, payable to stockholders of record at a date prior to the merger.

Withdrawal. A stockholder may withdraw a demand for appraisal and accept Liberty Media Series A stock at any time within 60 days after the effective date of the merger, or thereafter may withdraw a demand for appraisal with the written approval of On Command. Notwithstanding the foregoing, if an appraisal proceeding is properly instituted, it may not be dismissed as to any stockholder without the approval of the Delaware Court of Chancery, and any such approval may be conditioned on the Court of Chancery s deeming the terms to be just. If, after the merger, a holder of On Command common stock who had demanded appraisal for his shares fails to perfect or loses his right to appraisal, those shares will be treated as if they were converted into Liberty Media Series A common stock at the time of the merger.

Because a stockholder that fails to comply entirely with the strict requirements of the Delaware corporate statute may lose such stockholder s right to an appraisal, any On Command stockholder who is considering exercising appraisal rights should promptly consult a legal advisor.

COMPARISON OF STOCKHOLDER RIGHTS

As a stockholder of On Command, your rights are governed by On Command s certificate of incorporation and bylaws. After completion of the merger, unless you exercise your appraisal rights, you will become a stockholder of Liberty Media. As a Liberty Media stockholder, your rights will be governed by Liberty Media s certificate of incorporation and bylaws. On Command and Liberty Media are each incorporated under the laws of the State of Delaware and accordingly, your rights as a stockholder will continue to be governed by the Delaware corporate statute after completion of the merger.

This section of the proxy statement/ prospectus describes certain differences between the rights of holders of On Command common stock and Liberty Media common stock. This description is only a summary and may not contain all of the information that is important to you. You should carefully read this entire document and the other documents we refer to for a more complete understanding of the differences between being a stockholder of On Command and being a stockholder of Liberty Media.

Common Stock

On Command has one class of common stock issued and outstanding and Liberty Media has Series A and Series B common stock issued and outstanding. On Command has authorized 150 million shares of common stock, and Liberty Media has authorized 4,400 million shares of common stock. As of September 30, 2003, there were approximately 30,822,340 shares of On Command common stock outstanding and an aggregate of approximately 2,866,196 shares of On Command common stock reserved for issuance upon exercise of stock, options and restricted stock awards. As of September 30, 2003, there were approximately 2,903,411,428 shares of Liberty Media common stock outstanding (2,691,592,652 shares of Series A common stock and 211,818,776 shares of Series B common stock), and an aggregate of approximately 82,069,880 shares of Liberty Media Series A and Series B common stock reserved for issuance upon exercise of outstanding options and warrants.

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Preferred Stock

On Command has authorized ten million shares of preferred stock, par value $0.01 per share. Of On Command s preferred stock, 13,500 shares are designated as Convertible Participating Preferred Stock, Series A; 15,000 shares are designated as Cumulative Redeemable Preferred Stock, Series B; 10,000 shares are designated as Cumulative Redeemable Preferred Stock, Series C; and 60,000 shares are designated as Cumulative Convertible Redeemable Preferred Stock, Series D. As of September 30, 2003, there were 13,500 shares of Series A preferred stock, 15,000 shares of Series B preferred stock, 10,000 shares of Series C preferred stock, and 60,000 shares of Series D preferred stock outstanding.

Liberty Media has authorized 50 million shares of preferred stock, none of which were outstanding as of September 30, 2003.

Conversion

Each share of Series A preferred stock of On Command is convertible, at the option of the holder, into 100 shares of common stock of On Command, subject to certain customary adjustments. After the merger, each share of On Command Series A preferred stock will no longer be convertible into 100 shares of On Command common stock, but instead will be convertible into the number of shares of Liberty Media Series A common stock equal to 100 multiplied by the exchange ratio, subject to certain customary adjustments. Additionally, each share of Series A preferred stock will automatically convert into 100 shares of On Command common stock, or shares of Liberty Media Series A common stock after the merger, as the case may be, upon the satisfaction of all obligations under that certain promissory note in the aggregate principal amount of $21,080,250 made by Jerome H. Kern, the holder of all 13,500 authorized shares of the Series A preferred stock, to On Command, subject to the receipt of any required governmental consents or approvals. The promissory note, unless accelerated earlier, will mature and become payable, together with accrued interest, on August 1, 2005. Interest on the promissory note accrues at a rate of 7% per annum, compounded quarterly. Upon the occurrence of certain events of default, the interest rate will increase to 9% per annum. The promissory note is non-recourse against Mr. Kern personally except for an amount equal to 25% of the principal of and accrued interest on the promissory note. In determining Mr. Kern s personal liability under the promissory note, On Command must first proceed against the shares of On Command Series A preferred stock (or proceeds thereof) held as collateral for the promissory note, with such proceeds being applied first to the obligations for which Mr. Kern is personally liable. Neither the principal of nor interest on the promissory note may be prepaid.

As of September 30, 2003, each share of Series D preferred stock of On Command is convertible, at the option of the holder, into 156.7337 shares of common stock of On Command, subject to certain customary adjustments. Neither the common stock, the Series B preferred stock nor the Series C preferred stock of On Command is convertible.

Each share of Series B common stock of Liberty Media is convertible, at the option of the holder, into one share of Series A common stock of Liberty Media. The Series A common stock of Liberty Media is not convertible.

Voting Rights

Subject to the voting rights provided by law or granted to any series of On Command preferred stock, all voting power is exclusively vested in the common stock. Holders of On Command common stock are entitled to one vote per share on all matters to be voted on by holders of common stock, except that there is cumulative voting in all elections of directors, subject to the termination of cumulative voting under the circumstances described below. The holders of On Command Series A and Series D preferred stock are entitled to vote on any matter on which the common stockholders are entitled to vote, with each share of Series A and Series D preferred stock entitled to the number of votes equal to the number of shares of On Command common stock into which each share of Series A or Series D preferred stock is convertible, which was 100 and 156.7337, respectively, as of September 30, 2003.

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Until the Termination Date (as defined below), each holder of shares of On Command common stock will be entitled at all elections of directors to a number of votes equal to the number of votes which (except for this provision as to cumulative voting) such holder would be entitled to cast for the election of directors with respect to such holder s common stock multiplied by the number of directors to be elected, and such holder may cast all of such votes for a single director or may distribute them among the number to be voted for, or for any two or more of them as such holder sees fit. Upon the occurrence of the Termination Date, the holders of On Command common stock will no longer be entitled to cumulative voting rights with respect to the election of directors and, from and after the Termination Date, all directors will be elected by straight voting.

Termination Date means the first date on which any person or related group (within the meaning of Rule 13d-3 or Rule 14d-2 promulgated under the Securities Exchange Act of 1934), including any group acting for the purpose of acquiring or disposing of securities (within the meaning of Rule 13d-5(b)(1) promulgated under the Securities Exchange Act of 1934), other than the Excluded Persons (as defined below), holds, directly or indirectly, more than 15% of the outstanding shares of capital stock of On Command entitled to vote generally in the election of directors (considered for this purpose as one class), and, for the purpose of this provision, all shares of On Command common stock issuable upon the exercise or conversion of all currently exercisable or convertible warrants, options or other securities held by such person or related group will be deemed to be outstanding and held by such person or related group.

Excluded Person means each person holding On Command Video Corporation (OCV) common stock immediately prior to the merger of OCV and a subsidiary of On Command which was converted into On Command common stock, and any other person who, individually or collectively with its affiliates, received upon original issuance shares of On Command common stock and warrants that represent more than 5% of the Applicable Securities (as defined below).

Applicable Securities means all shares of On Command common stock (including shares of common stock purchasable upon exercise of certain warrants) issued in connection with certain transactions among Ascent Entertainment Group, Inc., SpectraVision, Inc., the Official Creditors Committee for SpectraVision, Inc., Spectradyne, Inc. and other domestic subsidiaries of SpectraVision, Inc.

The holders of Liberty Media Series A common stock are entitled to one vote for each share held, and the holders of Liberty Media Series B common stock are entitled to ten votes for each share held, on all matters voted on by stockholders, including elections of directors. Liberty Media does not provide for cumulative voting in the election of directors in its certificate of incorporation.

Liquidation and Dissolution

In the event of liquidation, dissolution or winding up of On Command, the holders of On Command common stock, and in the event of liquidation, dissolution or winding up of Liberty Media, the holders of Series A common stock and Series B common stock of Liberty Media, respectively, will share equally, on a share for share basis, in the assets remaining for distribution to the common stockholders of the applicable corporation, after payment or provisions for payment of such corporation s debts and liabilities and subject to prior payment in full of any preferential amounts to which the holders of such corporation s preferred stock may be entitled. As of September 30, 2003 the aggregate liquidation preference of the On Command preferred stock was $104,669,561.

Classified Board of Directors

Delaware law provides that a corporation s board of directors may be divided into various classes with staggered terms of office. On Command s certificate of incorporation and bylaws do not provide for a classified board of directors. The board of directors of Liberty Media is divided into three classes, as nearly equal in size as possible, with one class elected annually. The holders of a series of preferred stock of Liberty Media or On Command may be entitled to elect additional directors, if the certificate of designations, with respect to such series so provides. Directors of Liberty Media are elected for a term of three years, subject to the election and qualification of the director s successor and to the director s earlier death, resignation or removal.

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Number of Directors

On Command s board of directors currently consists of seven directors. The number of directors on On Command s board is determined by resolution of the board of directors or by the stockholders at the annual meeting, but cannot be fewer than seven. Liberty Media s board of directors currently consists of nine directors. The number of directors on Liberty Media s board is determined by resolution of the board of directors, but cannot be fewer than three.

Stockholder Action by Written Consent; Special Meetings

The certificate of incorporation and bylaws of On Command provide that any action required or permitted to be taken at any annual or special meeting of On Command stockholders may be taken without a meeting, without prior notice and without a vote if a consent in writing setting forth the action so taken is signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote on that action were present and voted, provided that such action shall not become effective until 20 days after notice to all stockholders as required by Section 228(e) of the Delaware corporate statute unless such action is approved by all of the stockholders of On Command. The certificate of incorporation and bylaws of Liberty Media, however, do not permit its stockholders to take action by written consent in lieu of a meeting of stockholders, except as otherwise provided in the terms of any series of preferred stock.

Special meetings of the stockholders of On Command, for any purpose or purposes, unless otherwise provided by law, may be called by the chief executive officer and must be called by the chief executive officer or the secretary at the request in writing of a majority of the entire board of directors, or at the request in writing of stockholders owning at least a majority of the outstanding shares of capital stock of On Command entitled to vote generally in the election of directors (considered for this purpose as one class). The business transacted at any special meeting of the stockholders will be limited to the purposes stated in the notice for such meeting. Special meetings of stockholders of Liberty Media for any purpose or purposes may be called only by the Secretary of Liberty Media (1) upon written request of holders of not less than 66 2/3% of the total voting power of outstanding voting capital stock or (2) at the request of at least 75% of the members of the board then in office, except as otherwise required by law and subject to the rights of the holders of any series of preferred stock. No business other than that stated in the notice of special meeting shall be transacted at any special meeting.

Removal of Directors

The certificate of incorporation of Liberty Media provides that, subject to the rights of any series of preferred stock, directors may be removed from office only for cause upon the affirmative vote of the holders of a least a majority of the total voting power of the then outstanding shares of Series A common stock, Series B common stock and any series of preferred stock entitled to vote at an election of directors, voting together as a single class.

The certificate of incorporation of On Command provides that directors may be removed from office with or without cause by the holders of a majority of the outstanding shares of capital stock of On Command entitled to vote generally in the election of directors (considered for this purpose as one class), except that, prior to the Termination Date (as defined above), if less than the entire board of directors is to be removed, no director may be removed without cause if the votes cast against such director s removal would be sufficient to elect such director if cumulatively voted at an election of the entire board of directors. Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of On Command preferred stock have the right, voting separately as a class, to elect one or more directors of the corporation, such director or directors may not be removed by a majority of the outstanding shares of capital stock as provided above.

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Actions Requiring Supermajority Vote

The certificate of incorporation of Liberty Media provides that, subject to the rights of the holders of any series of preferred stock, the affirmative vote of the holders of at least 66 2/3% of the voting power of outstanding voting capital stock, voting together as a single class, is required for the following corporate actions:

to amend, alter or repeal any provision of the certificate of incorporation or the addition or insertion of other provisions in the certificate, unless (1) the laws of the state of Delaware, as then in effect, do not require stockholder approval or (2) at least 75% of the members of its board then in office has approved such transaction;

to adopt, amend or repeal any provision of the bylaws, except that no vote of stockholders will be required to authorize the adoption, amendment or repeal of any provision of the bylaws by the board of directors in accordance with the power conferred upon it pursuant to the certificate of incorporation;

the merger or consolidation of the corporation with any other corporation, unless (1) the laws of the state of Delaware, as then in effect, do not require stockholder approval or (2) at least 75% of the members of its board then in office has approved such transaction;

the sale, lease or exchange of all, or substantially all, of the assets of the corporation, unless at least 75% of the members of its board then in office has approved such transaction; or

the dissolution of the corporation, unless at least 75% of the members of its board then in office has approved such transaction;.

Liberty Media s chairman, John C. Malone, holds the power to direct the vote of approximately 44% of Liberty Media s outstanding voting power.

The certificate of incorporation of On Command provides that any amendment, alteration, change or repeal of the provisions (1) limiting the effectiveness of action by written consent in lieu of meeting until 20 days after delivery of the notice to stockholders required by Section 228 of the Delaware corporate statute, (2) requiring at least seven directors on the On Command board of directors for so long as cumulative voting is in effect and (3) reserving the right to amend the certificate of incorporation in the manner prescribed by law, requires the affirmative vote of the holders of at least 80% of the outstanding shares of capital stock of On Command entitled to vote on such matters.

INFORMATION ABOUT ON COMMAND

Business of On Command

Industry Background. The provision of in-room entertainment and information services to the hotel industry includes offering pay-per-view motion pictures, archived television and other short subject content, games, digital music, Internet connectivity, guest programming of select pay cable channels and an increasing array of interactive programs and information services. Pay-per-view services were introduced in the early 1970s and have since become a standard amenity offered by many hotels to their guests. Historically, providers of programming to hotels delivered their content on a fixed time schedule that did not provide the hotel guest flexibility in choosing when to watch a movie. Typically, a guest would be offered a choice of four to eight movies, each of which would be shown once every two to four hours. The development of video switches enabled providers of pay-per-view services to offer scheduling flexibility to the viewer. Depending on the type of system installed and the size of the hotel, guests could choose from among 12 to 120 pay-per-view programming titles as of June 30, 2003. Based on the current storage capacities of On Command s most technologically advanced systems, and improvements in the storage capacities of those systems that are expected to occur in 2003 and future periods, On Command expects that the average number of programming titles available to guests will increase over time. Changes in technology have also led to the ability to provide a number of on-demand interactive services such as Internet services, games, digital music, guest folio review, automatic checkout, survey completion and guest messaging. The market for in-room entertainment and information is characterized as a highly competitive environment among several industry-dedicated companies and a number of new entrants including cable companies, satellite distribution companies, telecommunications companies, laptop connectivity companies and others. For additional information regarding the competitive environment in the in-room entertainment and information industry, see Competition below.

Video Systems.

OCX® Video System. The OCX® video system is a multimedia platform that, in most cases, incorporates digital content storage and playback. The OCX® video system currently is capable of providing interactive multimedia menus, high-speed television-based Internet service, Playstation® games and digital music, as well as the ability to offer more choices of higher-quality on-demand movie services, including full-length feature films and non-theatrical short videos.

On Command has developed an updated version of the OCX® video system, marketed under the name Roommate . This new version expands upon the basic architecture of the OCX® video system, allowing On Command to take advantage of general cost reductions in hardware technology while preserving its investment in its Site Manager software, discussed below. The Roommate system, which was designed to be installed in hotels with 150 or more rooms, was launched during the fourth quarter of 2001. Due to the cost benefits and greater storage capacity associated with Roommate , On Command generally installs the Roommate system whenever a new video system is required to be installed in new and existing hotels with 150 or more rooms. The standard Roommate system is configured to provide on-demand pay-per-view services and digital music, with television-based Internet access and video game services also available.

During the fourth quarter of 2002, On Command conducted field tests of MiniMate , a reduced scale extension of the Roommate video system that was designed to be economically and technologically viable for hotels with 150 rooms or less. Based on the results of the field testing, On Command has concluded that the MiniMate system was ready to be deployed, and On Command has begun to market the MiniMate system to smaller hotels. The standard MiniMate system is designed to provide on-demand pay-per-view services and digital music, with television-based Internet access service also available for an additional cost at the option of the hotel. When compared to the standard configuration of the Roommate system, the standard MiniMate system has the same capacity for the storage of programming titles, but has a smaller capacity for the simultaneous output of entertainment services. MiniMate s scalable design enables On Command to add additional products and services as such products and services become economically viable.

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One version of On Command s OCX® system utilizes an analog tape based video storage sub-system, as opposed to the digital content storage sub-system that is utilized by the majority of the OCX® systems. This video system, which On Command refers to as an OCX.i video system, represents an older system that has been upgraded on the front end to allow for the provision of the full range of entertainment and guest services available through the OCX® platform. The analog tape based storage sub-system of the OCX.i video system was not upgraded to the digital content storage sub-system utilized in a typical OCX® system due to economic considerations at the time of the upgrade. The analog tape based storage sub-system utilized by the OCX.i system is not compatible with the satellite distribution system that On Command began deploying in 2003. On Command is currently studying different alternatives that might allow On Command to economically convert to a compatible digital content storage sub-system in its OCX.i systems. No specific time frame for this conversion has been set. For additional information concerning On Command s satellite distribution system, see Content Distribution below.

At June 30, 2003, the OCX® video system was installed in 332,000 rooms, including 127,000 with Roommate™ systems, and 47,000 with OCX.i systems.

The OCX® video system supports a high degree of interactivity and customization, including a multimedia user interface. Video content is provided primarily via a digital file server or, in the case of the OCX.i video system, an array of video cassette players.

A key component of the OCX® video system is the Site Manager software application that controls the system, interfaces with the hotel billing management systems, and acts as the OCX® video system s overall resource manager (including user session management and resource allocation).

The OCX® video system provides enhanced multimedia applications and Internet access using a special purpose television-based Internet browser in conjunction with a wireless keyboard. The functionality and features of On Command s browser software were significantly upgraded during the year ended December 31, 2002. On Command has also partnered with several Internet content providers to organize Internet sites that have been specifically developed for presentation via the OCX® platform. For additional information concerning On Command s Internet service, see Services Internet Services below.

While the OCX® platform itself may be extended or upgraded to support future new product offerings, current implementations include on-demand pay-per-view services, television-based Internet access, Playstation® video games, digital music and a rich interactive multimedia user interface. With the OCX® video system technology, each component of the platform has multiple uses. For example, the same component used for navigating graphics-intensive menus is used subsequently for accessing the Internet and sending e-mail. With the digital content storage that is included in most OCX® systems, a feature film could be replaced by four 30-minute short subject videos, unlike one-for-one replacement with videocassettes. In addition, digital content storage will allow On Command to economically implement the electronic delivery of digital content through On Command s satellite distribution system. For additional information concerning On Command s satellite distribution system, see Content Distribution below.

On Command is continually upgrading its video systems with the overall objective of maximizing revenue, while minimizing expenses and capital expenditures. During the year ended December 31, 2002 and the six months ended June 30, 2003, On Command upgraded 26,000 and 51,000 OCX® rooms, respectively, to allow for the digital provision, where applicable, of music and a 24-hour mature-themed motion picture product, and to provide a full-motion video and audio promotional screen. During the six months ended June 30, 2003, On Command upgraded 69,000 of its OCX® systems that utilize digital content storage sub-systems (approximately 285,000 rooms at June 30, 2003) to facilitate the electronic delivery of digital content through On Command s satellite distribution system.

During the six months ended June 30, 2003, On Command started to deploy a new graphical interface that provides for an enhanced menu in all of its OCX® systems that use a digital content storage sub-system in order to expand the entertainment options available to the guest, improving product presentation, and facilitating guest navigation of the on-screen menu.

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OCV® Video System. The On Command video system (the OCV® or Blue Box® video system) is On Command s original platform, and the predecessor to the OCX® video system. At June 30, 2003, the OCV® video system was installed in approximately 524,000 rooms. The OCV® video system was patented by On Command in 1992, and consists of a microprocessor controlling the television in each room, a hand-held remote control, and a central head-end video rack and system computer located elsewhere in the hotel. Programming signals originate from video cassette players located within the head-end rack and are transmitted to individual rooms by way of the OCV® video system s proprietary video switching technology. Movie starts are automatically controlled by the system computer. The system computer also records the purchase by a guest of any title and reports billing data for manual or automated entry into the hotel s property management system, which system posts the charge to the guest s bill.

Manual functions of the OCV® video system equipment are limited to changing videocassettes once per month and are all handled by On Command s service personnel, who also update the system s movie titles screens. The OCV® video system s information system is capable of generating regular reports of guests entertainment selections, permitting the OCV® video system to adjust its programming to respond to viewing patterns. The number of guests that can view a particular movie at the same time varies from hotel to hotel depending upon the popularity of the movie. The OCV® video system provides more copies of the most popular programming to hotels. The OCV® video system includes a computerized in-room on-screen menu that offers guests a list of only those movie selections available to the guest at that time rather than all of the titles currently playing at the hotel. This minimizes the possibility of a guest being disappointed when the guest s selection is not available. The high-speed, two-way digital communications capability of the OCV®video system enables On Command to provide advanced interactive and information features, such as video games, in addition to basic guest services such as video checkout, room service ordering and guest satisfaction surveys. The OCV® video system also enables hotel owners to broadcast informational and promotional messages and to monitor room availability.

The analog tape based storage sub-system utilized by the OCV®system is not compatible with the satellite distribution system that On Command began deploying in 2003. As a result, On Command is currently studying different alternatives that might allow On Command to economically convert to a compatible digital content storage sub-system in its OCV® systems. No specific timeframe for this conversion has been set.

During the year ended December 31, 2002 and the six months ended June 30, 2003, respectively, On Command upgraded approximately 61,000 and 18,000 OCV® rooms, respectively, to allow for the digital provision of music, a 24-hour mature-themed motion picture product, and a full-motion video and audio promotional screen. On Command s experience has been that the installation of this upgrade has typically resulted in increases in room revenue.

Other Video Systems. The SpectraVision® video system, which provides in-room entertainment on a rolling schedule basis, and in some upgraded variations, on an on-demand basis, remained in approximately 21,000 rooms at June 30, 2003. The SpectraVision® video system generally offers fewer movie choices than the OCX® or OCV®video systems. The Video Now video system, which provides in-room entertainment on an on-demand basis, remained in approximately 6,600 rooms at June 30, 2003. Both the SpectraVision® and Video Now video systems utilize older technologies, and On Command expects that the number of hotels served by the SpectraVision® and Video Now video systems will decrease significantly during 2003, and will be phased-out completely over the next several years. In general, On Command expects that service will be discontinued to unprofitable or marginally profitable hotels, while other more profitable hotels will be converted to a more technologically advanced video system, if the return on invested capital is projected to be adequate. During the year ended December 31, 2002 and the six months ended June 30, 2003, the SpectraVision® and Video Now video systems generated less than 3% of On Command s total net revenue.

Content Distribution. On Command uses several methods to distribute content to its proprietary video and entertainment systems located in hotels. Free-to-guest cable programming is distributed via satellite to the antennae systems of hotels. VHS tapes and removable hard disk drives containing films, digital music and short subjects, and video game cassettes have historically been distributed to hotels by air and ground transportation. As described above under Video Systems OCX® Video System , On Command is in the process of converting its OCX® systems that utilize a digital content storage sub-system to satellite delivery. As of June 30, 2003, On Command converted OCX® systems serving approximately 72,000 rooms to satellite delivery. On Command is currently studying different alternatives that might provide for the economic implementation of satellite delivery for films and videos to hotels that use OCV® and OCX.i video systems, and no specific time frame for this application of satellite delivery has been set. On Command s satellite delivery technology does not currently encompass the delivery of video games. The use of a satellite delivery system is considered desirable due to the cost savings and efficiencies that are expected to arise from a more efficient distribution system, and the potential increases in revenue that are expected to result from On Command s ability to more actively manage the content that is available in hotel rooms.

Capital Costs. On Command seeks to pursue the development and deployment of new technologies, system upgrades and other capital projects that On Command expects to be economically viable based on projected increases in revenue and/or decrease in expenses. On Command undertakes a significant investment when it installs its system in a hotel property. Accordingly, On Command typically requires a five-to-seven year commitment from a hotel before On Command will agree to install a video system in a hotel. In general, the cost of On Command s proprietary video equipment has decreased as new technologies have evolved. Certain of On Command s contracts with hotels require On Command to provide hotels with various forms of capital assistance in addition to the direct costs incurred by On Command to install its video systems. For additional information concerning On Command s hotel contracts, see Hotel Contracts below.

Services.

Pay-Per-View Movie Services. On Command provides on-demand and, in less than 2% of rooms served, scheduled in-room television viewing of major motion pictures and non-rated motion pictures intended for mature audiences, for which a hotel guest pays on a per-view basis. Depending on the type of system installed and the size of the hotel, guests could choose from among 12 to 120 pay-per-view programming titles at June 30, 2003. Based on the current storage capacities of On Command s most technologically advanced systems, and improvements in the storage capacities of those systems that are expected to occur in future periods, On Command expects that the average number of programming titles available to guests will increase over time. On Command obtains the non-exclusive rights to show recently released motion pictures from major motion picture studios generally pursuant to agreements with each studio. The license period and fee for each motion picture are negotiated individually with each studio, which typically receives a percentage of that picture s net revenue generated by the pay-per-view system. Typically, On Command obtains rights to exhibit major motion pictures during the Hotel/ Motel Pay-Per-View Window, which is the time period after initial theatrical release and before release for home video distribution or cable television exhibition. On Command attempts to license pictures as close as possible to motion pictures theatrical release dates to benefit from the studios advertising and promotional efforts.

Through the year ended December 31, 2002, On Command also obtained non-rated motion pictures intended for mature audiences for a one-time flat fee that was nominal in relation to the licensing fees paid for major motion pictures. During the first half of 2003, On Command began to acquire most of its mature-themed content from a supplier who receives a contractually determined percentage of the net revenue generated from the content provided to On Command. In addition, the new supplier will perform editing and production services that On Command was generally required to perform under its prior arrangements with providers of mature-themed product. On Command expects that the cost of mature-themed content will increase as a result of this new arrangement.

The revenue generated from On Command s pay-per-view service is dependent on the occupancy rate at the property, the buy rate or percentage of occupied rooms that buy movies or other services at the property, and the price of the movie or service. Occupancy rates vary based on general economic conditions, the property s location and its competitive position within the marketplace. Buy rates generally reflect the hotel s guest demographic profile, the popularity of the motion pictures or services available at the hotel and the guests other entertainment alternatives. Buy rates also vary over time with general economic conditions. The business of On Command is closely related to the performance of hotels in the top 25 markets, as defined by

Smith Travel Research. Movie price levels are set based on overall economic conditions, recent release dates and guest acceptability. As of June 30, 2003, On Command s prices for individual motion pictures typically ranged from $9.99 to $12.99, and its prices for the 24-hour viewing of certain non-rated motion pictures intended for mature audiences typically ranged from $14.99 to $21.99.

Short Subjects. In addition to movies, On Command provides short video programming options to the hotel guest. This content includes HBO® s Sex and the City and The Sopranos, the comedy series Seinfeld, Showtime s Red Shoe Diaries, programming from the Discovery Networks and other entertainment packages. On Command currently charges $5.99 to $9.99 for this type of programming and pays the supplier of the programming a negotiated percentage of net revenue from the programming. The short subjects offer an alternative to many guests with limited time who cannot watch a full-length feature movie. On Command s short video suppliers receive license fees that are equal to a negotiated percentage of the net revenue stream generated by the applicable short subject videos. At June 30, 2003, short subject videos were available to 763,000 or 86% of the total rooms served by On Command. Future growth of rooms in which On Command s short subject service is available is expected to come from those hotels where On Command can expect to earn an adequate return on its invested capital.

Internet Services. OCX® video systems are capable of supporting a television based Internet service that enables guests to access and navigate the Internet through the television, using the remote control and wireless keyboard in their rooms. This service allows up to 24 hours of access for a typical price of $10.99 for basic Internet and e-mail service. On Command has a premium Internet service that allows the guest to access the basic Internet service plus certain mature-themed content for a price of $14.99. On Command expects to increase the availability of the premium Internet service in future periods. On Command has continually upgraded its television-based Internet service through improvements to its Internet browser software that offer better reformatting for the television, improved speed and enhanced functionality. In addition, during the year ended December 31, 2002, On Command entered into agreements for the provision of pre-formatted interactive content and applications that have been developed specifically for presentation to hotel guests via the OCX® platform. On Command plans to continue to seek out additional arrangements that will allow On Command to expand the amount of pre-formatted interactive content that is available through On Command s television-based Internet service. In addition to the software and content improvements, On Command has also improved the functionality of the latest versions of its television remote controls and wireless keyboards. Guest surveys indicate that the new browser technology, the improved Internet content, and, where deployed, the new in-room equipment have resulted in significantly increased customer satisfaction with On Command s television-based Internet service. On Command pays the provider of its Internet browser a flat software fee and either On Command or the applicable hotel pay the connectivity fees related to the service. At June 30, 2003, On Command s television-based Internet product was available to 278,000 or 31% of the total rooms served by On Command. Future growth of rooms in which On Command s Internet service is available is expected to come from those hotels where connectivity is available at a reasonable price, and where On Command can expect to earn an adequate return on its investment in the required in-room equipment and other capital requirements.

Music. In March 2001, On Command acquired control of Hotel Digital Network, Inc. (Hotel Digital Network), a company that provides in-room music content to hotels through On Command and other in-room entertainment providers. Until February 2002, Hotel Digital Network operated under the name Digital Music Network. In February 2002, Hotel Digital Network began doing business under the name Instant Media Network (IMN). With the IMN system, an On Command hotel guest pays $9.99 per two-hour period to choose from over 600 CDs and over 100 music videos. The IMN system, marketed by On Command as Music On Command®, is available on certain OCX® and upgraded OCV® video systems. At June 30, 2003, On Command s digital music product was available to 250,000 or 28% of the total rooms served by On Command. On Command plans to continue to install and market Music On Command® in future periods. On Command, through IMN, generally advances minimum royalties to its suppliers, and is subject to additional fees that are calculated as a percentage of net revenue generated from the service once certain thresholds are met. The minimum royalties advanced to suppliers generally are not recoverable by On Command in the event that actual revenue is less than the revenue that is projected for the license period at

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the time that royalties are advanced to the suppliers. Future growth of rooms in which Music On Command® is available is expected to occur in those hotels where On Command can expect to earn an adequate return on its invested capital.

Game Services. At June 30, 2003, On Command s video game service was available to 398,000 or 45% of the total rooms served by On Command. On Command s Roommate™, OCX® and OCV® video systems support PlayStation® games. On Command s systems, however, do not support Playstation®2 games. There are on average 8 to 12 game titles available in most rooms in which video games are offered. Guests typically pay $6.99 per hour to play the games. On Command pays its video game suppliers a flat software fee. In addition, suppliers receive a percentage of net revenue generated from the service, subject to a minimum guarantee. On Command s agreement with its video game hardware and software supplier has expired. On Command expects to negotiate a new agreement with either its current supplier or a new supplier.

Free-To-Guest Programming Services. On Command also markets free-to-guest programming services pursuant to which a hotel may elect to receive one or more programming channels, such as ESPN®, HBO®, Turner Services, USA, STARZ!®, and other popular cable networks, which the hotel provides to guests at no additional cost. On Command provides hotels with guest programming services through a variety of arrangements, ranging from the payment by hotels of a monthly fee per room for each programming channel selected to the inclusion of the cost or part of the cost of such programming within On Command s overall contractual arrangements with hotels. On Command obtains its free-to-guest programming either directly from the supplier or from DIRECTV, Inc. pursuant to an agency agreement. Since all of On Command s free-to-guest programming channels are available pursuant to the DIRECTV agency agreement, the determination of whether to purchase directly from the programming supplier, or from DIRECTV, is based on cost considerations at the time that contracts with programming suppliers are under review for renewal. DIRECTV also provides transport services for most of On Command s free-to-guest programming. During the fourth quarter of 2002, On Command executed a new agency agreement with DIRECTV, and amended its existing transport agreement with DIRECTV. On Command s agreements with DIRECTV and its other suppliers expire on various dates through 2008. Agreements with respect to certain of the programming carried by On Command s video systems have expired, and On Command is operating under letter agreements or other arrangements until new arrangements are finalized.

On Command has agreements with over 25 programming suppliers that provide over 80 channels of programming. However, the standard free-to-guest channel line-up offered by On Command typically provides approximately 20 different channels of programming. Payment to programming suppliers primarily is based on subscriber room counts. However, variables such as the combination of channels received, occupancy, volume and penetration also factor into many of On Command s rates. Certain of On Command s arrangements with programming suppliers provide for increases in programming rates in future periods that are significantly in excess of (i) recent rates of inflation and (ii) On Command s projected growth rates for free-to-guest programming revenue. Although On Command is working with programming suppliers and taking other actions to mitigate future cost increases, there is no assurance that On Command will be able to limit the growth in its free-to-guest programming costs to rates that are less than or equal to On Command s projected growth rates for free-to-guest programming revenue. If programming costs increase at rates in excess of free-to-guest revenue growth rates in future periods, On Command will experience pressure on its operating margins. As discussed in greater detail under Hotel Contracts below, On Command s ability to pass increases in programming costs on to hotels is limited by certain of On Command s contracts with hotels.

Other Hotel and Guest Services. In addition to entertainment services, On Command provides other guest services to the hotel industry. These additional services use the two-way interactive communications capability of On Command s equipment. Among the guest services provided are video check-out, room service ordering and guest satisfaction surveys. Guest services are available in various foreign languages.

Sales and Marketing. Historically, substantially all of On Command s growth in rooms served was derived from obtaining contracts with hotels in the United States not under contract with existing vendors or whose contracts with other vendors were expiring or have expired. On Command believes that the opportunity for additional growth in rooms served in the deluxe, luxury and upscale hotel markets in the United States is

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more limited than in the past since most of the hotels in these categories are under contract with On Command or its competitors. Therefore, On Command has broadened its strategy for obtaining new hotel customers to target both smaller hotels and lower cost hotels. Management anticipates that the lower costs and flexibility associated with the MiniMate™ version of On Command s OCX® system will make marketing to smaller hotels and lower cost hotels more economically attractive than in the past. On Command began marketing the MiniMate™ platform during the fourth quarter of 2002. Under On Command s current marketing plan, hotels will enter into agreements that will provide for (i) the purchase by the hotels of the MiniMate™ system; (ii) the licensing of the hotels to use On Command s proprietary software, and (iii) the performance of video system maintenance services by On Command. Hotels that purchase the MiniMate™ platform will receive a contractual percentage of the net margin generated by the MiniMate™ video system. No assurance can be given that MiniMate™ system will be successfully marketed to smaller hotels, or that On Command will be successful in the execution of its strategy to use the MiniMate™ system to broaden its target market. For additional information concerning the MiniMate™ video system, see Video Systems OCX® Video System.

In addition to broadening its strategy to obtain new customers, On Command is focusing on increasing the revenue derived from each equipped room by developing and, to the extent economically feasible, implementing new technologies that will enhance On Command s ability to manage its existing products and/or allow On Command to introduce new or more technologically advanced systems or products, and by selectively increasing prices.

On Command markets its services to hotel guests primarily by means of on-screen advertising that highlights the services and motion picture selections for the month. During the year ended December 31, 2002 and the six months ended June 30, 2003, On Command upgraded certain of its OCX® and OCV® video systems to provide a full-motion video and audio promotional screen. During the six months ended June 30, 2003, On Command also began to deploy a new graphical interface that provides for an enhanced menu in all of its OCX® systems that use a digital content storage sub-system. For additional information concerning planned upgrades of On Command s video systems, see Video Systems above.

Hotel Contracts. For some of On Command s large customers, On Command negotiates and enters into a single master contract covering all hotels owned, and in some cases, managed or franchised by the hotel chain customer. A master contract typically provides for the financial and operational terms that govern the provision of in-room services. In some cases, the economic and other terms of a contract with an individual hotel may be different from those contained in the applicable master contract. In this regard, the contractual relationship with an individual hotel that is covered by a master contract generally has a duration that commences on the date that On Command s video system becomes operational in that hotel. Accordingly, the expiration date of the contractual relationship with any such hotel is largely independent from the expiration date of the applicable master contract. Furthermore, upon expiration, On Command s contracts typically convert into month-to-month arrangements that generally remain in effect until such time as On Command is able to enter into new or renewed contracts, or a competitor is able to install its proprietary equipment in the applicable hotels. Notwithstanding the foregoing, a limited number of On Command s master contracts provide for the simultaneous expiration of On Command s contractual relationships with all of the individual hotels that are subject to such a master contract. For additional information concerning the expiration of hotel chain contracts, see Significant Customers below. In the case of hotels that are not covered by master contracts, On Command generally executes contracts separately with each hotel. On Command s existing contracts, whether master contracts or contracts with individual hotels, generally have terms ranging from five to seven years.

Under its existing contracts, On Command generally installs its system into the hotel at On Command s cost, and On Command generally retains ownership of all equipment used in providing the service. However, as discussed under Sales and Marketing above, in the case of the recently introduced MiniMate™ system, On Command s marketing plan is to sell the MiniMate™ system to hotels. In certain cases, On Command has entered into master contracts whereby On Command has agreed to purchase televisions and/or provide other forms of capital assistance and, to a lesser extent, provide television maintenance services to hotels during the respective terms of the applicable contracts. However, On Command generally seeks to avoid entering into

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new contracts or renewals that require On Command to provide capital assistance or television maintenance services unless other terms of the contract make it economical for On Command to do so.

On Command s contracts with hotels generally provide that On Command will be the exclusive provider of in-room, pay-per-view entertainment services to the hotel and generally permit On Command to set its prices. Under certain circumstances, certain hotel customers have the right to prior approval of any price changes, which approval may not be unreasonably withheld. On Command s contracts with hotels typically set forth the terms governing On Command s provision of free-to-guest programming as well. Depending on the contract, On Command may or may not be the exclusive provider of free-to-guest programming, and in cases where On Command is not the exclusive provider, certain of On Command s contracts require On Command to make payments to hotels to subsidize the cost to the hotels of using another free-to-guest programming provider. Most of On Command s contracts with hotels contain provisions that limit the amount of programming cost increases that may be passed on to the hotels for the free-to-guest service. As a result of these limitations, increases in free-to-guest programming revenue have not kept pace with increases in the corresponding programming costs, and the amount of revenue derived from On Command s free-to-guest service has been less than the aggregate cost to On Command of the corresponding programming during each of the past three years. On Command is currently working with its programming vendors and hotels to mitigate the shortfall. In this regard, as On Command enters into new contracts, or renews existing contracts, with hotels, On Command seeks to maximize the amount of free-to-guest programming cost increases that are permitted to be passed on to hotels while limiting the overall cost of the free-to-guest channel line-up that is required to be provided.

The hotels collect fees from their guests and, in most cases, the hotels retain a commission equal to a negotiated percentage of the net revenue generated from On Command s video systems. The amount of the commission varies depending on the overall economics of the applicable contract and other factors. Some contracts also require On Command to upgrade systems to the extent that new technologies and features are introduced during the term of the contract. At the scheduled expiration of a contract, On Command generally seeks to extend the agreement on terms that are based upon the competitive situation in the market. As of June 30, 2003, contracts covering approximately 35% of On Command s equipped rooms have expired, or are scheduled to expire, if not renewed, by December 31, 2004**.** For information concerning On Command s relationships with its significant hotel chain customers, see Significant Customers below.

Markets and Customers. On Command currently provides entertainment and information services to hotels that are associated with major hotel chains, management companies and independent hotels including Marriott®, Hilton, Six Continents , Hyatt®, Starwood, Wyndham Hotels and Resorts®, Radisson®, Four Seasons, Fairmont and other select hotels. The majority of On Command s hotel customers are located in the United States, with the balance located primarily in Canada and Mexico.

Significant Customers. Hotels owned, managed or franchised by Marriott International, Inc. (Marriott), Hilton Hotels Corporation (Hilton), InterContinental Hotel Group (formerly Six Continents Hotels, Inc.) (InterContinental), Hyatt Hotel Corporation (Hyatt), and Starwood Hotels and Resorts Worldwide, Inc. (Starwood) accounted for 33%, 14%, 11%, 7% and 7%, respectively, of On Command s total net room revenue for the six months ended June 30, 2003, and 30%, 16% 12%, 7% and 7%, respectively, of On Command s total net room revenue for the year ended December 31, 2002. Accordingly, hotels owned, managed or franchised by On Command s five largest hotel chain customers accounted for 72% of On Command s total net room revenue during the six months ended June 30, 2003 and the year ended December 31, 2002. The loss of any of these hotel chain customers, or the loss of a significant number of other hotel chain customers, could have a material adverse effect on On Command s results of operations and financial condition.

On March 21, 2001, On Command and Marriott entered into a master agreement pursuant to which On Command distributes its services in hotel rooms owned or managed by Marriott. In addition, On Command has the opportunity to enter into agreements to provide its services to additional hotel rooms franchised by Marriott. The master agreement with Marriott expires on the date when the last contract with a hotel that is owned or managed by Marriott and that is entered into under the master agreement expires. At June 30, 2003, On Command provided entertainment services to approximately 166,000 rooms that were owned or managed by Marriott, and approximately 89,000 rooms that were franchised by Marriott.

On Command s master contract with Hilton expired in April 2000, and in October 2000, Hilton announced that it would not be renewing such master contract. As a result, domestic hotels owned, managed or franchised by Hilton are currently subject to a master contract between Hilton and a competitor of On Command. Accordingly, On Command anticipates that domestic hotels owned by Hilton will not renew their contracts with On Command as they expire. However, domestic hotels that are managed or franchised by Hilton are not precluded from renewing their contracts with On Command, and, although no assurance can be given, On Command anticipates that certain of those domestic hotels will choose to renew with On Command. At June 30, 2003, On Command provided service to approximately 117,000 rooms in 506 domestic hotels that are owned, managed or franchised by Hilton. The majority of these rooms are located in managed or franchised hotels that are not owned by Hilton. Through June 30, 2003, On Command s contracts with 65 of the aforementioned 506 hotels (16,000 rooms) had expired and service to these hotels is currently provided under monthly or other short-term renewals. On Command s individual contracts with the remaining 441 domestic Hilton hotels (101,000 rooms) expire at various dates through 2010, with 46% of those rooms expiring by 2005. In the period from January 1, 2002 through June 30, 2003, On Command entered into new contracts, or renewed existing contracts, with respect to 9,300 domestic rooms that were franchised by Hilton, and 2,600 domestic rooms that were managed by Hilton. The net room revenue derived from domestic hotels that were owned, managed, or franchised by Hilton decreased approximately 18% during the six months ended June 30, 2003, as compared to the corresponding prior year period. Over time, On Command anticipates that the revenue it derives from hotels that are owned, managed or franchised by Hilton will continue to decrease. However, due to the uncertainties involved, On Command is currently unable to predict the amount and timing of the revenue decreases.

On Command does not have master contracts with either Starwood or InterContinental, and On Command s master contract with Hyatt provides for the simultaneous expiration of On Command s contractual relationships with all of the individual hotels that are subject to the Hyatt master contract as of December 31, 2004. At June 30, 2003, On Command provided entertainment services to approximately 60,000 rooms in hotels that are owned, managed or franchised by Hyatt, and approximately 176,000 rooms in hotels that are owned, managed or franchised by Starwood or InterContinental. Agreements with respect to approximately 45% of such Starwood and InterContinental rooms have already expired, or will expire by December 31, 2004. At June 30, 2003, approximately 37,000 or 59% of On Command s Starwood rooms were located in Sheraton or Four Points hotels that, depending on whether such hotels are owned, managed or franchised by Starwood, may be covered by a master contract with a competitor of On Command upon the expiration of such hotels contracts with On Command. On Command is actively pursuing master agreements with InterContinental, with Starwood with respect to the Starwood brands that are not already covered by a competitor s contract, and with Hyatt for the period after December 31, 2004.

In certain cases, On Command is also pursuing direct contractual relationships with individual hotels that are owned, managed or franchised by these hotel chains. No assurance can be given that On Command will be successful in executing master or individual hotel contracts. However, On Command expects that, regardless of the expiration dates of master contracts or individual contracts with hotels, On Command will continue to be the provider of in-room entertainment services for individual hotels that are not under contract until such time as a competitor s equipment can be installed.

Overall hotel occupancy rates, as reported by Smith Travel Research, declined 1.5% during the six months ended June 30, 2003, as compared to the corresponding prior year period. In addition, occupancy rates for hotels in the top 25 markets, as reported by Smith Travel Research, declined 1.7% over the same period. Since On Command derives a significant portion of its revenue from hotels located in the top 25 markets, On Command believes that the occupancy rate for this segment is the best indicator of the impact changes in hotel occupancy are having on On Command s business. Hotel occupancy rates are outside of On Command s control, and changes in hotel occupancy rates can have a significant impact on On Command s results of operations.

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Installation And Service Operation. At June 30, 2003, On Command s installation and service organization consisted of approximately 316 installation and service employees. On Command s installation and service employees are responsible for system maintenance and distribution of video and audio content for all of the hotel rooms served by On Command. On Command s installation employees also prepare site surveys to determine the type of equipment to be installed at each hotel, install systems, train the hotel staff to operate the systems and perform quality control tests. On Command also uses local installation subcontractors supervised by full-time On Command employees to install its systems.

On Command uses a third party vendor to maintain a toll-free technical support hot line that is monitored 24 hours a day by trained support technicians. The on-line diagnostic capability of the OCX® video system, OCV® video system and SpectraVision® systems enables technicians to identify and resolve a majority of the reported system malfunctions from On Command s service control center without visiting the hotel property. Should a service visit be required, the modular design of the OCX® video system, OCV® video system and SpectraVision® systems generally permit service personnel to replace defective components at the hotel site.

Technology Research and Development. On Command develops technologies to be used in its video systems to support and enhance their operations, and develops new applications. On Command incurred costs of approximately $2,000,000, $4,064,000, $5,600,000 and $8,734,000 during the six months ended June 30, 2003 and the years ended December 31, 2002, 2001 and 2000, respectively, related to research and development.

On Command s product development philosophy is to design and integrate components for high quality entertainment and information systems that incorporate features allowing On Command to add system enhancements as they become commercially available and economically viable. The high speed, two-way digital communications capability of OCX® video systems enables On Command to provide advanced interactive features such as video games and television-based Internet access in addition to basic guest services such as video checkout and guest survey.

On Command s systems incorporate proprietary communications system designs with commercially manufactured components and hardware such as video cassette players, digital video disk players, other digital storage media, televisions, amplifiers and computers. Because On Command s systems generally use industry standard interfaces, On Command can often economically integrate new technologies as they become viable.

On Command is in the process of developing applications of Internet Protocol technology for use in On Command s video systems. No assurance can be made that On Command will be successful in developing economically viable applications of Internet Protocol technology.

Suppliers. On Command contracts directly with various electronics firms for the manufacture and assembly of its systems hardware, the design of which is controlled by On Command. Historically, these suppliers have been dependable and able to meet delivery schedules on time. Certain electronic component parts used with On Command s products are available from a limited number of suppliers and can be subject to the supplier discontinuing the production of such part. In such event, On Command is given the opportunity to initiate a last time purchase of the applicable part, which provides On Command adequate inventory. If adequate inventory is not available, On Command could experience a temporary reduction in the rate of new installations and/or an increase in the cost of such installations. However, On Command believes that, in the event of a termination of any of its suppliers or the discontinuance of certain electronic components, alternate suppliers or parts can be located without incurring significant costs or delays. Historically these events have not had a significant impact on the timing and/or costs of On Command s installations.

The head-end electronics for On Command s systems are assembled at On Command s facilities for testing prior to shipping. Following assembly and testing of equipment for a particular hotel, the system is shipped to each location, where On Command-employed and trained technicians install the system, typically assisted by independent contractors.

On Command maintains direct contractual relations with various suppliers of pay-per-view and guest programming services, including the motion picture studios and/or their domestic and international distributors and programming networks, as well as suppliers of video games and Internet services. For information concerning On Command s relationships with such content suppliers, see Services above. In general, On Command believes its relationships with suppliers are good.

Competition. There are numerous providers of in-room entertainment services to the hotel industry. Market participants include, but are not limited to, (i) other full service in-room providers, such as LodgeNet Entertainment Corporation (LodgeNet), Hospitality Network (Hospitality), NXTV, Inc (NXTV), SeaChange International, Inc., KoolConnect Technologies, Inc. (KoolConnect) and other providers in international markets, (ii) cable television companies, such as Comcast Corporation, Time Warner, Inc., and Cox Communications, Inc., (iii) direct broadcast satellite services, such as DirecTV and the DISH Network, (iv) television networks and programmers, such as ABC, NBC, CBS, FOX, HBO®, STARZ!®, and Showtime, (v) Internet service providers, such as Time Warner, Inc., (vi) broadband connectivity companies, such as STSN, Inc. and (vii) other telecommunications companies. In addition, On Command s services compete for a guest s time and entertainment resources with other forms of entertainment and leisure activities. On Command anticipates that it will continue to face substantial competition from traditional as well as new competitors and that certain of these competitors have greater financial resources and better access to the capital markets than On Command. Many of On Command s potential competitors are developing ways to use their existing infrastructure to provide in-room entertainment and/or informational services. Certain of these competitors are already providing guest programming services and are beginning to provide video-on-demand, Internet and high-speed connectivity services to hotels. At June 30, 2003, On Command served approximately 885,000 rooms world wide, of which approximately 872,000 are served by on-demand systems. Based on publicly available information, On Command estimates that, at June 30, 2003, LodgeNet and Hospitality provided service to approximately 972,000 and 101,000 rooms, respectively.

Competition with respect to the provision of in-room entertainment and information systems centers on a variety of factors, depending upon the circumstances important to a particular hotel. Among the more important factors are (i) the financial terms and conditions of the proposed contract, (ii) the features and benefits of the entertainment and information systems, and (iii) the quality of the vendor s technical support and maintenance services. With respect to hotel properties already receiving in-room entertainment services, the current provider may have certain informational and installation cost advantages compared to outside competitors.

On Command anticipates that it will face substantial competition in obtaining new contracts with major hotel chains. On Command believes that hotels view the provision of in-room on-demand entertainment and information services both as a revenue source and as a source of competitive advantage because sophisticated hotel guests are increasingly demanding a greater range of quality entertainment and information alternatives. At the same time, On Command believes that certain major hotel chains have awarded contracts based primarily on the level and nature of financial and other incentives offered by the service provider. While On Command believes it will continue to enter into contractual arrangements that are attractive to both On Command and its hotel customers, its competitors may attempt to maintain or gain market share at the expense of profitability. On Command may not always be willing or able to match incentives provided by its competitors.

The communications industry is subject to rapid technological change. New technological developments could adversely affect On Command s operations unless On Command is able to provide equivalent services at competitive prices.

Regulation. The Communications Act of 1934, as amended by the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992 and the Telecommunications Act of 1996, governs the distribution of video programming by cable, satellite or over-the-air technology, through regulation by the Federal Communications Commission (FCC). However, because On Command s video distribution systems do not use any public rights of way, they are not classified as cable systems and are subject to minimal regulation. Thus, the FCC does not directly regulate the pay-per-view or guest programming provided by On Command to hotel guests.

The Internet-based services offered by On Command potentially may be affected by various laws and governmental regulations. There are currently few laws or regulations directly applicable to access to or commerce on commercial online services or the Internet. However, because of the increasing popularity and use of commercial online services and the Internet, a number of laws and regulations may be adopted with respect to commercial online services and the Internet. For example, the Internet Tax Freedom Act, which was extended through November 1, 2003, placed a moratorium on new state and local taxes on Internet access and commerce. Legislation that would extend this moratorium is pending in Congress. Other Internet-related laws and regulations may cover issues such as user privacy, defamatory speech, copyright infringement, pricing and characteristics and quality of products and services. The adoption of such laws or regulations in the future may slow the growth of commercial online services and the Internet, which could in turn cause a decline in the demand for On Command s Internet-based services and products or otherwise have an adverse effect on On Command. Moreover, the applicability to commercial online services and the Internet of existing laws governing issues such as property ownership, libel, personal privacy and taxation is uncertain and could expose On Command to liability.

Although the FCC generally does not directly regulate the services provided by On Command, the regulation of video distribution and communications services is subject to the political process and has been in constant flux over the past decade. Further material changes in the law and regulatory requirements must be anticipated and there can be no assurance that On Command s business will not be adversely affected by future legislation or new regulations.

On Command is required to have performance licenses to the extent that its services utilize copyrighted music. On Command has one agreement in place and is negotiating a second agreement with organizations that represent rights holders. In addition, certain programming distributed by On Command is acquired pursuant to agreements that require performance licenses to be obtained by On Command s suppliers. IMN has separate performance licenses in place with two groups that represent rights holders, one of which is on an interim basis, and is attempting to negotiate a third license. Music performance licensing rights have been the subject of industry-wide arbitration and/or litigation for a number of years. Depending upon the outcome of on-going proceedings and On Command s negotiations, the performance license fees for such distribution may increase over the course of time.

Patents, Trademarks And Copyrights. On Command holds a number of patents and patent licenses covering various aspects of its pay-per-view and interactive systems primarily related to the OCV® video system. The patents expire between 2007 and 2015. With the rate of technological development currently being experienced, a patent s utility and value may diminish before the end of its respective term. Currently, On Command is pursuing patent protection of elements of the OCX® and Roommate video systems. In connection with a negotiated settlement agreement with LodgeNet in 1998, On Command and LodgeNet have cross-licensed certain of each other s patented technology and have also agreed not to engage in patent litigation against one another through 2003.

On Command holds United States trademarks for all significant names that it uses, including Blue Box® On Command® , OCV® , SpectraVision® and OCX®. The federal registration of these trademarks expires between 2004 and 2011 if not renewed.

On Command has trademark applications pending in the United States Patent and Trademark Office for the Roommate , MiniMate and TeleMate trademarks.

International Markets. At June 30, 2003, On Command provided services to approximately 99,000 international rooms located primarily in Canada and Mexico. On Command s operations in foreign markets involve certain risks that are not associated with On Command s operations in the United States, including availability of programming, government regulation, currency fluctuations, language barriers, differences in signal transmission formats, local economic and political conditions and restriction on foreign ownership and investment.

As a result of transactions that occurred in the first quarter of 2001 and the third quarter of 2002, On Command has disposed of its controlling interests in all of its Asia-Pacific subsidiaries and most of its

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European subsidiaries. For additional information concerning these transactions and for financial information concerning On Command s geographic territories, see notes 4, 5 and 13 to the accompanying Consolidated Financial Statements of On Command, Years ended December 31, 2002, 2001 and 2000.

Licensees And Other System Sales. On Command sells systems to certain other providers of in-room entertainment including Allin Interactive, which is licensed to install On Command s equipment on cruise ships; Techlive Limited, formerly known as On Command Europe Limited, which is licensed to use On Command s system to provide service in Europe and the Middle East; and MagiNet Corporation, which is licensed to use On Command s system to provide service in the Asia marketplace. In addition, IMN sells in-room digital music systems and licenses software to Hospitality, and licenses content to Hospitality and LodgeNet**.**

Seasonality. The amount of revenue realized by On Command each month is affected by a variety of factors, including among others, hotel occupancy rates, business and leisure travel patterns, general economic conditions, changes in the number of rooms served, the number of business days in a month, and holidays. With the exception of December, which is generally On Command s lowest month for revenue, On Command typically does not experience significant variations in its monthly revenue that can be attributed solely to seasonal factors.

Employees. As of June 30, 2003, On Command employed a total of 636 persons. None of On Command s employees are represented by a labor union. On Command has experienced no work stoppages and believes employee relations are good.

Properties. On Command has two leases, which expire in June 2005 and May 2006, for approximately 25,700 square feet and 7,500 square feet, respectively, for its corporate headquarters in Denver, Colorado. On Command also has a lease that expires in February 2008 for 76,972 square feet of light manufacturing and storage space in Denver, Colorado. On Command has another lease, which expires in June 2004, for approximately 131,000 square feet of leased office, light manufacturing and storage space in San Jose, California, a portion of which has been subleased and the majority of the remainder of which On Command is attempting to sublease. On Command has a number of other small leases for small parcels of property throughout the United States, Canada and Mexico. On Command s properties are suitable and adequate for On Command s business operations.

Legal Proceedings. On Command s material legal proceedings are set forth below:

On Command has received a series of letters from Acacia Media Technologies Corporation regarding a portfolio of patents owned by Acacia. Acacia has alleged that its patents cover certain activities performed by On Command and has proposed that On Command take a license under those patents. On Command believes there are substantial arguments that Acacia s claims lack merit.

On Command is a defendant in the Class Action Lawsuit, as described above in the section entitled The Merger Certain Litigation, on page 47.

In July 2003, Broadcast Music, Inc. (BMI) and various other plaintiffs filed suit against On Command in the United States District Court for the Southern District of New York, Case Number 03 CV 5531, for willful copyright infringement. The plaintiffs allege that On Command has failed to obtain permission to publicly perform BMI musical works contained in the motion pictures and videos On Command transmits to hotels and motels for viewing in guest rooms on a pay-per-view basis. On Command has been in negotiations with BMI for a performance license and intends to continue such negotiations. On Command does not believe that the ultimate resolution of this matter will have a material adverse effect on its financial condition or results of operations.

On Command is a defendant, and may be a potential defendant, in other lawsuits and claims arising in the ordinary course of its business. While the outcomes of such claims, lawsuits, or other proceedings cannot be predicted with certainty, management expects that such liability, to the extent not provided for by insurance or otherwise, will not have a material adverse effect on the financial condition of On Command.

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Executive Officers of On Command

The following lists the executive officers of On Command who will continue as executive officers of the surviving corporation of the merger, their birth dates, a description of their business experience and positions held with On Command as of September 30, 2003. The directors of the surviving corporation of the merger will be individuals who also serve as directors of Liberty Media.

Name	Position
Christopher Sophinos Born January 26, 1952	Has served as Director of On Command since December 2002. Has been President of On Command since April 2001 and Chief Executive Officer since October 2001. Mr. Sophinos has also served as Senior Vice President of Liberty Satellite since April 2000. Mr. Sophinos served as President of Liberty Satellite from September 1997 to April 2000 and as Senior Vice President of Liberty Satellite from February 1996 until September 1997. Mr. Sophinos served as Senior Vice President of PRIMESTAR, Inc. (now known as Phoenixstar, Inc.) from April 1998 until August 1999. Mr. Sophinos served as the President of Boats Unlimited, a retail boat dealership, from November 1993 to September 1998.
Bernard G. Dvorak Born April 19, 1960	Has been Senior Vice President, Chief Financial Officer and Treasurer of On Command since July 2002. Mr. Dvorak was Chief Executive Officer and a member of the board of directors of Formus Communications, Inc., a provider of fixed wireless services in Europe, from September 2000 until June 2002, and from April 1999 until September 2000, he served as Chief Financial Officer of Formus Communications, Inc. On March 28, 2001, an involuntary petition under Chapter 7 of the United States Bankruptcy Code was filed against Formus Communications, Inc. in the United States Bankruptcy Court for the District of Colorado. From February 1998 until April 1999, Mr. Dvorak was President, Chief Executive Officer and a member of the board of directors of Cordillera Communications Corp., a specialized mobile radio operator in Latin America, and from February 1997 until February 1998, he served as Chief Financial Officer of Cordillera Communications Corp.
David A. Simpson Born February 19, 1958	Has been Senior Vice President and Chief Technology Officer of On Command since August 2003; Senior Vice President of Research & Development and Engineering of On Command from July 2001 to August 2003; and Senior Vice President of Research & Development, Operations and Engineering from October 2000 until July 2001. Mr. Simpson was Vice President, Operations of On Command, from July 1998 until October 2000. From January 1997 until June 1998, Mr. Simpson founded HomeIntranet, Inc., a start-up venture formed to design and market an integrated residential gateway device to simplify television, voice, data and home automation.
Laurence M. Smith Born April 16, 1959	Has been Senior Vice President of Distribution and Programming for On Command since August 2003 and Senior Vice President of Sales and Distribution from November 2001 until August 2003. From August 2001 to November 2001, Mr. Smith served as a consultant for On Command. Mr. Smith was Executive Vice President of Sales and Marketing for IntelliReady, Inc., a provider of wiring and technology for entertainment, communication and data networks, from October

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Name	Position
	2000 until June 2001, and President of Sun Valley Resources, Inc., a start-up applications service provider serving professional employment organizations, from February 2000 until October 2000. From November 1996 until January 2000, Mr. Smith was co-founder and Executive Vice President of Internet Gift Registries, Inc., an e-commerce start-up venture.
Pamela J. Strauss Born September 5, 1960	Has been Senior Vice President, General Counsel and Secretary of On Command since January 2002, and Vice President, General Counsel and Secretary since June 2001. Ms. Strauss has also served as General Counsel of Liberty Satellite since February 2000, and Secretary of Liberty Satellite since April 2000. Ms. Strauss served as Corporate Counsel for Liberty Satellite from April 1994 to April 1998, and Assistant Secretary from December 1996. Ms. Strauss has also served as Associate General Counsel for Phoenixstar, Inc. since April 1998, Secretary since July 1999 and Assistant Secretary from August 1997 to June 1999.

There are no family relations by blood, marriage or adoption of first cousin or closer, among the above-named directors and executive officers.

During the past five years, none of the persons named above has had any involvement in such legal proceedings as would be material to an evaluation of his or her ability or integrity.

Executive Compensation of On Command

Summary Compensation Table

The following table is a summary of all forms of compensation paid by On Command to the officers named therein (the Named Executive Officers) for services rendered in all capacities to On Command for the fiscal years ended December 31, 2002, 2001 and 2000 (total of five persons).

Name and Position	Year	Salary ($)	Bonus ($)	Other annual compensation ($)	Restricted stock award(s) ($)	Securities underlying options/SARs (#)	All other compensation ($)(5)
Christopher Sophinos(1)	2002	324,989	50,000			150,000	5,500
President and Chief Executive	2001	201,262				200,000	
Officer	2000						
Bernard G. Dvorak(2)	2002	114,333				100,000	3,033
Senior Vice President and Chief	2001						
Financial Officer and Treasurer	2000						
David A. Simpson	2002	299,063				100,000	5,500
Senior Vice President,	2001	290,000					12,114
Chief Technical Officer	2000	212,855	19,812			100,000	6,281
Laurence M. Smith(3)	2002	240,631				50,000	5,500
Senior Vice President,	2001	69,846				100,000	40
Distribution and Programming	2000						
Pamela J. Strauss(4)	2002	167,842	35,000			50,000	5,500
Senior Vice President and General	2001	113,811				50,000	
Counsel	2000						

(1) Mr. Sophinos became President of On Command on April 27, 2001. Although Mr. Sophinos has continued to perform duties as an officer of Liberty Satellite, Mr. Sophinos has devoted substantially all of his time to On Command since April 27, 2001. As such, On Command has been responsible for Mr. Sophinos compensation since May 1, 2001, and the 2001 compensation in the table represents the

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amount paid to reimburse Liberty Satellite for Mr. Sophinos compensation for the eight months ended December 31, 2001. On Command commenced paying Mr. Sophinos salary directly in January 2002.

(2) Mr. Dvorak became Senior Vice President, Chief Financial Officer and Treasurer in July 2002. Accordingly, the 2002 compensation information included in the table represents five and one-half months of employment.

(3) Mr. Smith became Senior Vice President of Sales and Distribution for On Command in November 2001. From August 2001 to November 2001, Mr. Smith served as a consultant to On Command. Accordingly, the 2001 compensation information included in the table represents two months of employment and three months of consulting services.

(4) Ms. St