LIBERTY MEDIA CORP /DE/
Form POS AM
November 03, 2003

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON OCTOBER 31, 2003

REGISTRATION NO. 333-105006

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 4

TO

FORM S-3
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)

CHARLES Y. TANABE, 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)

COPY TO:
ROBERT W. MURRAY JR., ESQ.
BAKER BOTTS L.L.P.
30 ROCKEFELLER PLAZA
NEW YORK, NEW YORK 10112-4498
(212) 408-2500

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date hereof.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

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

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 registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

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 SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED OCTOBER 31, 2003

PROSPECTUS

$1,750,000,000

LIBERTY MEDIA CORPORATION

.75% EXCHANGEABLE SENIOR DEBENTURES DUE 2023

(Exchangeable for Time Warner Inc. Common Stock or

the value thereof in cash and/or Liberty Media Corporation Series A Common Stock)

This prospectus relates to $1,750,000,000 aggregate original principal amount of our .75% exchangeable senior debentures due 2023, which may be sold from time to time by the selling security holders named herein.

Initially, each $1,000 original principal amount of debentures is exchangeable for the market value of 57.4079 shares of common stock of Time Warner Inc., which we refer to as the reference shares. We may pay this amount, at our election, by delivery of the reference shares, cash or shares of our

Series A common stock or a combination of the foregoing. The number, issuer and class of reference shares may change over time as a result of dividends, reclassifications, mergers and other events described in this prospectus.

The selling security holders may offer and sell the debentures directly to purchasers or through underwriters, brokers, dealers or agents, who may receive compensation in the form of discounts, concessions or commissions. The debentures may be sold in one or more transactions at fixed or negotiated prices or at prices based on prevailing market prices at the time of sale.

We will not receive any proceeds from the sale of the debentures by the selling security holders. We are, however, responsible for the costs of registering, under the Securities Act of 1933, the offer and sale of the debentures by the selling security holders.

INVESTING IN THE DEBENTURES INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 7.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is   , 2003

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NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE

AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATION OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

PROSPECTUS SUMMARY

The following summary highlights selected information included or incorporated by reference into this prospectus to help you understand our company and the debentures. For a more complete understanding of our company and the debentures, we encourage you to read this entire document, including the "Risk Factors" section, and all of the documents that we incorporate by reference into this prospectus. All references to "Liberty," "we," "us" and words of similar effect refer to Liberty Media Corporation and, unless the context otherwise requires, its consolidated subsidiaries.

OUR COMPANY

We are a holding company which, through our 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. We and our 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.

Our principal executive offices are located at 12300 Liberty Boulevard, Englewood, Colorado 80112. Our main telephone number is (720) 875-5400.

TERMS OF THE DEBENTURES

On March 26, 2003 and April 4, 2003, we completed the private placement of $1,750,000,000 aggregate original principal amount of our .75% Exchangeable Senior Debentures due 2023. On March 26, 2003, we entered into a registration rights agreement with the initial purchasers, in which we agreed to file for the benefit of the holders of the debentures a shelf registration statement covering public resales of the debentures. This prospectus is part of that shelf registration statement, and the debentures being offered hereby are those initially sold by us in the private placement.

Set forth below is a summary description of the terms of the debentures being offered hereby. We refer you to "Description of the Debentures," beginning on page 27, for a more complete description of the debentures.

Issuer.......................	Liberty Media Corporation.
Securities Offered...........	$1,750,000,000 aggregate original principal amount of .75% Exchangeable Senior Debentures.
Maturity Date................	The debentures will mature on March 30, 2023.
Payment at Maturity..........	At maturity, you will be entitled to receive the adjusted principal amount of your debentures plus accrued and unpaid interest and any final period distribution. We may make payment in reference shares, cash or any combination thereof.
Interest.....................	Interest on the debentures accrue from and including March 26, 2003 and is payable in cash at an annual rate of .75% of the original principal amount of $1,000 per debenture. Interest is payable semi-annually in arrears on March 30 and September 30 of each year, commencing September 30, 2003. To the extent that such interest payments exceed an annualized yield of .75% of the adjusted principal amount from time to time in effect, the adjusted principal amount will be reduced so that the yield on the debentures derived from the semi-annual interest payments remains at .75%.
Ranking......................	The debentures are our unsecured senior obligations and rank equally with all of our existing and future unsecured and unsubordinated obligations. The debentures are effectively subordinated to all of our secured indebtedness to the extent of the value of the assets securing that indebtedness, and are effectively subordinated to all liabilities of our subsidiaries to the extent of the value of their assets. As of June 30, 2003, we had no secured indebtedness and our consolidated subsidiaries had outstanding approximately $9,938 million of liabilities (of which approximately $7,433 million was deferred income taxes), all of which effectively ranks senior to the debentures.
Reference Shares.............	Time Warner is the initial reference company, and the initial reference shares are shares of Time Warner common stock. We may not elect to substitute another issuer's shares as the reference shares. The reference shares can change from the Time Warner common stock only upon the occurrence of one or more of the events described below. At the date of this prospectus, each $1,000 original principal amount of debentures is exchangeable for the exchange market value of 57.4079 reference shares. We may pay this amount by the delivery of the reference shares, cash or shares

of our Series A common stock or any combination of the foregoing.

The reference shares may change over time as to number, issuer and class of publicly-traded common equity securities as a result of the occurrence of any of the following events:

- a stock dividend or distribution of Time Warner common stock or other publicly-traded common equity securities then comprising the reference shares;
- a combination, subdivision or reclassification of the Time Warner common stock or other publicly-traded common equity securities then comprising the reference shares;
- a merger or consolidation involving Time Warner or any successor reference company;
- a statutory share exchange whereby the Time Warner common stock or other publicly-traded common equity securities then comprising the reference shares are exchanged for other publicly-traded common equity securities;
- a liquidation or dissolution of Time Warner or any successor reference company; or
- a tender or exchange offer for 30% or more of the Time Warner common stock or class of other publicly-traded common equity securities then comprising the reference shares.

When we refer to reference shares in this prospectus, we mean the number of shares of Time Warner common stock for which $1,000 original principal amount of debentures may then be exchanged, unless the reference shares have changed as described in the immediately preceding paragraph, in which case we mean the number and class of publicly traded common equity securities for which $1,000 original principal amount of debentures may then be exchanged.

Exchangeability............... At your option, each debenture can be exchanged for the exchange market value of the reference shares attributable to that debenture. Upon exchange, holders will not be entitled to any cash payment representing accrued interest. Instead, accrued interest will be deemed paid by the exchange market value of the reference shares received by holders on exchange. Debentures called for redemption may be surrendered for exchange until the close of business on the fourth trading day prior to the redemption date.

Upon exchange, we may choose to pay the exchange market value of the reference shares by delivering the reference shares attributable to the debentures being exchanged or the value thereof in cash, shares of our Series A common stock or a combination of reference shares, cash and shares of our Series A common stock.

When we refer to the exchange market value of the reference shares, we mean the weighted average market price of those shares over the 15 scheduled trading days commencing on the fourth scheduled trading day following the date all of the requirements

for a valid exchange have been satisfied by the tendering holder. We refer to the date on which all of those requirements have been satisfied as the exchange date. We will value our Series A common stock in the same manner.

If we determine to deliver any consideration other than reference shares upon an exchange of debentures, we will provide notice to the tendering holder of the form of consideration that we will deliver by 9:30 a.m., New York City time, on the second trading day after the exchange date. We will base our determination as to what consideration we will deliver on a number of factors, including the trading prices of the reference shares and our Series A common stock, our perception of the relative values of those shares, any commitments we may have in respect of our holdings of reference shares and our cash position at that time.

By way of example, if a holder had tendered for exchange $1,000 original principal amount of debentures with an exchange date of October 6, 2003, the exchange market value of 57.4079 shares of Time Warner common stock on that date would have been $886.91. We could have elected to pay this amount in cash, by delivery of 57 shares of Time Warner common stock (and $6.30 in lieu of the .4079 fractional share interest), by delivery of 87 shares of our Series A common stock (and $5.18 in lieu of a .5115 fractional share interest) or in a combination of the foregoing.

Time Warner and its Relationship to the Debentures.................. According to its public filings, Time Warner is a media and entertainment company, whose businesses include interactive services, cable systems, filmed entertainment, television networks, music and publishing. Time Warner is subject to ongoing investigations by the Securities and Exchange Commission and the Department of Justice and pending shareholder litigation. On October 16, 2003, AOL Time Warner Inc. changed its name to Time Warner Inc. Time Warner's common stock trades on the New York Stock Exchange under the symbol "TWX". For more information concerning Time Warner, including the investigations and pending litigation, please see the section entitled "Time Warner Inc." in this prospectus.

Neither Time Warner nor any other company other than Liberty will have any obligations whatsoever under the debentures. This prospectus relates solely to an offering of the debentures and does not relate to any offering of shares of Time Warner common stock or any other securities of Time Warner.

Additional Distributions...... We will distribute, as an additional distribution on each debenture, cash, securities (other than publicly traded common equity securities) or other property that correspond to any dividends, distributions or other payments made in respect of the reference shares attributable to that debenture. If any publicly traded common equity securities are distributed in respect of any reference shares, those securities will themselves become reference shares.

Any additional distribution that we pay as a result of a regular cash dividend on reference shares will be distributed to you with

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the next semi-annual interest payment on the debentures. All other additional distributions will be paid or made within 20 business days after the payment or delivery of the related dividends or distributions on the reference shares.

As of the date of this prospectus, Time Warner has never paid a cash dividend on its common stock.

Adjusted Principal Amount.....	The principal amount of the debentures will not be reduced by any regular cash dividend amount that we distribute to holders of the debentures. The original principal amount of the debentures will be reduced by the amount of all additional distributions that we make to holders of the debentures that are attributable to extraordinary distributions on or in respect of the reference shares. The adjusted principal amount will also be reduced on subsequent interest payment dates to the extent necessary so that the annualized yield on the debentures paid by us (based on the amount of semi-annual interest paid per debenture and the adjusted principal amount of a debenture) does not exceed .75% per annum of the adjusted principal amount of the debenture as of the next preceding interest payment date. In no event will the adjusted principal amount ever be less than zero. Reductions to the adjusted principal amount will not affect the amount of the semi-annual interest payment received by a holder of debentures, which is based on the original principal amount. As a result, any reduction in adjusted principal amount will necessarily result in a further reduction in adjusted principal amount on each subsequent interest payment date (beginning with the second succeeding interest payment date after the date of the additional distribution with respect to which the adjusted principal amount was so reduced). So long as the original principal amount is not reduced by the payment of additional distributions, it will not be reduced by any semi-annual interest payment.
Redemption at Our Option......	We may redeem the debentures at any time on or after April 5, 2008 at a redemption price equal to the adjusted principal amount plus accrued and unpaid interest and any final period distribution. We may pay the redemption price, at our election, in reference shares, cash or any combination thereof. If we make a partial redemption, debentures in an aggregate original principal amount of at least $100 million must remain outstanding.
Purchase at Your Option.......	You may tender your debentures for redemption on March 30, 2008, March 30, 2013, or March 30, 2018 for payment of the adjusted principal amount plus accrued and unpaid interest and any final period distribution. We may elect to pay

the purchase price in reference shares, cash, shares of our Series A common stock or any combination thereof.

Covenants..................... The indenture governing the debentures contains covenants with respect to:

- limitations on liens;

- limitations on sale and leaseback; and

- limitations on certain merger, consolidation and similar transactions.

These covenants are subject to a number of important qualifications and exceptions. See "Description of the Debentures -- Certain Covenants."

Use of Proceeds............... We will not receive any of the proceeds from the secondary sale by the selling security holders of debentures. This prospectus fulfills an obligation of ours under a registration rights agreement that we entered into with the initial purchasers of the debentures.

Book-entry only............... The debentures have been issued in book-entry form and are represented by global debentures deposited with the Bank of New York on behalf of the Depository Trust Company. Except to the extent described herein, interests in the global debentures will be shown in, and transfers will be effected only through records maintained by DTC and its participants.

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges of Liberty was 25.56 and 19.40 for the years ended December 31, 2000 and 1998, respectively, and 8.59 for the two months ended February 28, 1999. The ratio of earnings to fixed charges of Liberty was less than 1.00 for the six months ended June 30, 2003 and 2002, the years ended December 31, 2002 and 2001 and the ten months ended December 31, 1999; thus earnings available for fixed charges of Liberty were inadequate to cover fixed charges for these periods. The amount of the coverage deficiency was $584 million, $3,968 million, $4,722 million, $5,969 million and $2,253 million for the six months ended June 30, 2003, and 2002, the years ended December 31, 2002 and 2001 and the ten months ended December 31, 1999, respectively. For the ratio calculations, earnings available for fixed charges consist of earnings (losses) before income taxes, minority interest and share of losses of affiliates, plus interest expense (including amortization of capitalized expenses related to indebtedness), estimates of the interest within rental expense (one-third of rental expense) and distributed income of equity affiliates. Fixed charges consist of:

- interest expense (including amortization of capitalized expenses related to indebtedness); and

- estimates of the interest within rental expense (one-third of rental expense).

RISK FACTORS

An investment in the debentures involves risks. See "Risk Factors" beginning on page 7 for a discussion of factors you should carefully consider before deciding to purchase any debentures.

RISK FACTORS

An investment in the debentures involves risk. You should carefully consider the following factors, as well as the other information included in this prospectus and in the documents we have incorporated by reference before deciding to purchase the debentures.

FACTORS RELATING TO THE DEBENTURES

THE RETURN TO INVESTORS ON THE DEBENTURES DEPENDS ON THE TIME WARNER COMMON STOCK OR OTHER REFERENCE SHARES. The terms of the debentures differ from those of ordinary debt securities because:

- the effective yield on the debentures may change depending upon the dividend policy of Time Warner or any other reference company and upon the trading prices of the reference shares during the term of the debentures;

- if a holder exercises the exchange right, each debenture will be exchangeable, at the option of Liberty, for (1) the reference shares themselves, (2) the value of the reference shares attributable to such debenture in cash or shares of our Series A common stock, or (3) a combination of reference shares, cash and shares of our Series A common stock; and

- the principal amount of the debentures will be reduced by the amount of any additional distribution that is made by Liberty following any extraordinary distribution that may be paid or made on or in respect of the reference shares.

Accordingly, the return that a holder of the debentures will realize may be less than that of an ordinary fixed income debt security that may be issued by us.

We do not have any control over the dividend policy of Time Warner. As of the date of this prospectus, Time Warner has never paid a cash dividend on its common stock. We cannot assure you that Time Warner will ever pay a cash dividend on its common stock.

We cannot predict whether the price of the Time Warner common stock will rise or fall. Trading prices of the Time Warner common stock will be influenced by Time Warner's operating results and by complex and interrelated political, economic, financial and other factors that can affect the capital markets generally, the New York Stock Exchange and the market segments of which Time Warner is a part.

ONGOING INVESTIGATIONS BY THE SECURITIES AND EXCHANGE COMMISSION AND THE DEPARTMENT OF JUSTICE AND PENDING SHAREHOLDER LITIGATION INVOLVING TIME WARNER COULD NEGATIVELY AFFECT THE VALUE OF THE DEBENTURES. According to public filings of Time Warner, the Securities and Exchange Commission and the Department of Justice are investigating Time Warner's financial reporting and disclosure practices. Time Warner has also disclosed that, as of May 12, 2003, there were approximately 40 putative class action and shareholder derivative lawsuits alleging violations of federal and state securities laws as well as purported breaches of fiduciary duties pending against Time Warner, certain of its current and former executives, past and present members of its board of directors and, in certain instances, its America Online unit. In addition, Time Warner has disclosed that there are three actions making allegations of ERISA violations. The complaints purport to be made on behalf of certain of Time Warner's shareholders and allege, among other things, that Time Warner made material misrepresentations and/or omissions of material facts in violation of Section 10(b) of the Exchange Act, Rule 10b-5 promulgated thereunder and Section 20(a) of the Exchange Act. We are unable to predict the outcome of the SEC and DOJ investigations and the pending shareholder litigation, and any costs associated with judgments in or settlements of these matters could adversely affect Time Warner's financial condition and results of operations, the value of the reference shares and, consequently, the value of the debentures.

TIME WARNER HAS NO OBLIGATIONS WITH RESPECT TO THE DEBENTURES. Time Warner is not involved in the offering of the debentures, and neither Time Warner nor any other reference company has any obligations with respect to the debentures, including any obligation to take our interests or your interests into consideration for any reason or under any circumstance. Holders of the debentures are not entitled to any rights with respect to the reference shares other than indirectly pursuant to the express terms of the debentures or at such time, if any, that the debentures are tendered for purchase or exchange and we elect to deliver reference shares in connection therewith.

THE NUMBER OF REFERENCE SHARES ATTRIBUTABLE TO THE DEBENTURES WILL NOT BE ADJUSTED FOR SOME DILUTIVE TRANSACTIONS INVOLVING THE REFERENCE SHARES. If specific dilutive or anti-dilutive events occur with respect to the reference shares, the number and type of reference shares that will be used to calculate the amount of cash or number of reference shares or shares of our Series A common stock you will receive upon maturity, exchange, redemption or purchase of a debenture, as applicable, will be adjusted to reflect such events. These adjustments will not take into account various other events, such as offerings of reference shares by a reference company for cash or business acquisitions by a reference company with the reference shares, that may adversely affect the price of the reference shares and may adversely affect the trading price and market value of the debentures. We cannot assure you that a reference company will not make offerings of the reference shares or other equity securities or enter into such business acquisitions in the future.

PURCHASING THE DEBENTURES INVOLVES POTENTIAL ADVERSE TAX CONSEQUENCES. Before purchasing the debentures, you should recognize that the amount of interest income required to be included in income by you for each year will be in excess of the semi-annual interest payments you actually receive. Any gain recognized by you on the sale or exchange of the debentures will be ordinary income; any loss will be ordinary loss to the extent of the interest previously included in income, and thereafter, capital loss. See "Certain United States

Federal Income Tax Considerations."

THE DEBENTURES ARE A RECENT ISSUE OF SECURITIES FOR WHICH THERE IS CURRENTLY NO ACTIVE TRADING MARKET. The debentures were initially issued in March 2003 in a private placement and have no public trading market. If a liquid trading market does not develop or is not maintained, holders of the debentures may experience difficulty in reselling the debentures or may be unable to sell them at all. We cannot assure you that an active public market or other market for the debentures will develop or be maintained. If a market for the debentures develops, it may be discontinued at any time.

The liquidity of any market for the debentures will depend upon the number of holders of the debentures, our operating performance, the operating performance of Time Warner or any other reference company, the interest of securities dealers in making a market in the debentures and other factors. A liquid trading market may not develop for the debentures. Furthermore, the market price for the debentures may be subject to substantial fluctuations. Factors such as the following may have a significant effect on the market price of the debentures:

- the market price of the Time Warner common stock or any other reference shares;

- hedging or arbitrage trading activity that may develop involving the debentures and the Time Warner common stock or any other reference shares;

- actual or anticipated fluctuations in our operating results;

- our perceived business prospects;

- general economic conditions, including prevailing interest rates; and

- the market for similar securities.

FACTORS RELATING TO OUR COMPANY

OUR HOLDING COMPANY STRUCTURE COULD RESTRICT ACCESS TO FUNDS OF OUR SUBSIDIARIES THAT MAY BE NEEDED TO SERVICE THE DEBENTURES. Creditors of our subsidiaries have a claim on their assets that is senior to that of holders of the debentures. We are a holding company with no significant assets other than our equity interests in our subsidiaries and business affiliates and cash, cash equivalents and marketable securities. We are the only company obligated to make payments under the debentures. Our subsidiaries are separate and distinct legal entities and they have no obligation, contingent or otherwise, to pay any amounts due under the debentures or to make any funds available for any of those payments.

All of the liabilities of our subsidiaries effectively rank senior to the debentures to the extent of the value of the assets of our subsidiaries. A substantial portion of our consolidated liabilities consists of liabilities incurred by our subsidiaries. Moreover, the indenture governing the debentures does not limit the amount of indebtedness that may be incurred by our subsidiaries in the future. Our rights and those of our creditors, including holders of the debentures, to participate in the distribution of assets of any subsidiary upon the latter's liquidation or reorganization will be subject to prior claims of the subsidiary's creditors, including trade creditors, except to the extent we may be a creditor with recognized claims against the subsidiary. Where we are a creditor of a subsidiary, our claims will still be subject to the prior claims of any secured creditor of that subsidiary and to the claims of any holder of indebtedness that is senior to our claim. As of June 30, 2003, the aggregate amount of the total liabilities of our consolidated subsidiaries was approximately $9,938 million, of which approximately $7,433 million was deferred income taxes.

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 SHAREHOLDER 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 securities we own is held pursuant to shareholder agreements, partnership agreements and other instruments and agreements that contain provisions that affect the liquidity, and therefore the realizable value, of those securities. Most of these agreements subject the transfer of the stock, partnership or other interests constituting equity securities to consent rights or rights of first refusal of the other shareholders 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 shareholders 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 securities and may adversely affect the price at which those securities 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 shareholders 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 earnings (losses) of affiliates. Our results of operations included $91 million, $(244) million, $(453) million, $(4,906) million and $(3,485) million for the six months ended June 30, 2003 and 2002, and the years 2002, 2001 and 2000, respectively, attributable to net earnings (losses) of affiliates.

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 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 shareholder and partnership agreements that provide for possible capital calls on shareholders 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 shareholders 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 OFFSHORE 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 HAS 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.

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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 it is, 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 $6,053 million, $4,101 million and $1,463 million for the years ended December 31, 2002, 2001 and 2000, respectively, and $27 million and $5,134 million for the six months ended June 30, 2003 and 2002, respectively, due to 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 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 one of our subsidiaries 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 shareholders 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 shareholders, 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;

- 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.

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;

- 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 SHAREHOLDERS. Certain provisions of our restated certificate of incorporation and bylaws may discourage, delay or prevent a change in control of our company that a shareholder 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 shareholders;

- prohibiting shareholder action by written consent, thereby requiring all shareholder actions to be taken at a meeting of the shareholders; 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 shareholders at shareholder meetings.

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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 shareholders agreement with the Estate of Bob Magness, Gary Magness, the late Kim Magness and certain limited liability companies controlled by the Magnesses.

Section 203 of the Delaware General Corporation Law and our stock option 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 shareholders.

CAUTIONARY STATEMENTS CONCERNING FORWARD LOOKING STATEMENTS

Certain statements in this prospectus 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 and uncertainties. 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. The following include some but not all of the 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;

- availability of qualified personnel;

- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings;

- changes in the nature of key strategic relationships with partners 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 such products and services; and

- 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 prospectus, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

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USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the debentures by the selling security holders. We have filed, and have caused to become effective, the registration statement of which this prospectus is a part solely to satisfy our obligation to register the debentures pursuant to the terms of a registration rights agreement we entered into with the initial purchasers of the debentures in March 2003.

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TIME WARNER INC.

GENERAL

Time Warner has outstanding two classes of stock: common stock, par value $.01 per share (which we refer to as Time Warner common stock), and Series LMCN-V common stock, par value $.01 per share, which has substantially identical characteristics, except that the Series LMCN-V common stock is entitled to limited voting rights and is not subject to redemption by Time Warner to prevent the loss of any governmental license or franchise. We hold all of the outstanding shares of Series LMCN-V common stock. The shares of Series LMCN-V common stock will convert into shares of Time Warner common stock, on a one to one basis, upon a transfer of the shares of Series LMCN-V common stock to a third party.

The Time Warner common stock will initially comprise the reference shares. As of the date of this prospectus, 57.4079 reference shares are initially attributable to each $1,000 original principal amount of debentures. The reference shares will also include any other publicly traded common equity securities that may be distributed on or in respect of the Time Warner common stock, or on or with respect to any publicly traded common equity security into which any of those securities may be converted or exchanged. In describing the debentures, we refer to Time Warner and any other company which may in the future become an issuer of reference shares as a reference company.

On October 16, 2003, Time Warner changed its name from AOL Time Warner Inc. to Time Warner Inc. From January 11, 2001 until October 16, 2003, Time Warner's common stock traded on the New York Stock Exchange under the symbol "AOL". Thereafter, Time Warner's common stock began trading under the symbol "TWX" on the New York Stock Exchange. All references in this prospectus to "Time Warner" are to AOL Time Warner Inc. prior to October 16, 2003 and to Time Warner Inc. on and after October 16, 2003.

According to publicly available documents, Time Warner is a media and entertainment company whose businesses include interactive services, cable systems, filmed entertainment, television networks, music and publishing. Time Warner classifies its businesses into the following fundamental areas:

- America Online, consisting principally of interactive services such as the AOL and CompuServe services, Web properties such as Netscape, Moviefone and MapQuest, instant messaging services such as AOL Instant Messenger and ICQ, Internet technologies and electronic commerce services;

- cable, consisting principally of interests in cable television systems, including Time Warner Cable;

- filmed entertainment, consisting principally of interests in filmed entertainment and television production, including Warner Bros. and New Line Cinema;

- networks, consisting principally of interests in cable television and broadcast network programming, including WTBS Superstation, TNT, Cartoon Network, CNN News Group, Home Box Office and The WB Television Network;

- music, consisting principally of interests in recorded music, music publishing, and DVD manufacturing including Warner Music Group and such labels as Atlantic, Elektra, Rhino, Warner Bros. Records and Warner Music International; and

- publishing, consisting principally of interests in magazine publishing, book publishing and direct marketing, including Time, People and Sports Illustrated magazines, Warner Books and Little, Brown and Company.

Time Warner is required to file reports and other information with the SEC. Copies of these reports and other information may be inspected and copied at the SEC offices specified under "Where to Find More Information" below.

ONGOING INVESTIGATIONS BY THE SECURITIES AND EXCHANGE COMMISSION AND THE DEPARTMENT OF JUSTICE AND PENDING SHAREHOLDER LITIGATION

Time Warner has disclosed that the Securities and Exchange Commission and the Department of Justice are conducting investigations into the accounting and disclosure practices of Time Warner. In its disclosures, Time Warner has stated that it discovered in August 2002 information that provided a basis to reexamine the accounting for three transactions totaling $49 million in advertising revenue at Time Warner's America Online unit. After discovering this information, Time Warner commenced an internal review under the direction of Time Warner's Chief Financial Officer into advertising transactions at the America Online unit and, as a result of the CFO review, Time Warner announced on October 23, 2002 that it intended to adjust the accounting for certain transactions. The adjustments had an aggregate impact of reducing the advertising and commerce revenues of Time Warner during the period from the third quarter of 2000 through the second quarter of 2002 by $190 million. At that time, Time Warner announced that it did not then anticipate that its CFO review would lead to any further restatement by Time Warner but disclosed that it could not predict the outcome of the separate SEC and DOJ investigations.

Since Time Warner's October 2002 announcement, Time Warner has made the following public disclosures:

- On January 28, 2003, Time Warner filed amendments to its Annual Report on Form 10-K/A for the year ended December 31, 2001 and its quarterly reports on Form 10-Q for the quarter ended March 31, 2002 and June 30, 2002 that included restated financial statements reflecting the adjustments announced on October 23, 2002.

- Time Warner has continued its CFO review of advertising transactions at Time Warner's America Online unit. Based on that review, Time Warner has not, to date, announced a determination to make any further restatement.

- As part of ongoing discussions between Time Warner and the SEC, in the first quarter of 2003, the staff of the SEC informed Time Warner that, based on information supplied by Time Warner, it was the preliminary view of the SEC staff that Time Warner's accounting for two related transactions between America Online and Bertelsmann, A.G. should be adjusted. According to Time Warner, these two transactions involved the following:

  - Bertelsmann had the right at two separate times to put a portion of its interest in AOL Europe to Time Warner (80% in January 2002 and the remaining 20% in July 2002) at an agreed upon price. Time Warner also had a call right on Bertelsmann's interests in AOL Europe at a higher price. If Bertelsmann exercised its put rights, Time Warner had the option to pay the put price either in cash or in Time Warner's stock or a combination thereof.

- During 2001, Time Warner sought to persuade Bertelsmann that a contractual amendment guaranteeing Bertelsmann cash for its interest in AOL Europe had significant value to Bertelsmann (in an estimated range of approximately $400-$800 million). In exchange for agreeing to such an amendment, Time Warner wanted Bertelsmann to extend and/or expand its relationship with Time Warner as a significant purchaser of advertising. Time Warner disclosed various reasons why it was preferable for Time Warner to settle in cash.

- By separate agreements executed in March and December of 2001, Time Warner agreed to settle the put transactions in cash rather than in stock, without any change to the put prices. Contemporaneously with the agreements to pay in cash, Bertelsmann agreed to purchase additional advertising from Time Warner of $125 million and $275 million, respectively. The amount of advertising purchased by Bertelsmann pursuant to these two transactions was recognized by Time Warner as these advertisements were run (almost entirely at the America Online unit) during the period from the first quarter of 2001 through the first quarter of 2003, with the advertising revenues recognized by Time Warner totaling $16.3 million, $65.5 million, $39.8 million and $0.5 million, respectively, for the four quarters ending December 31, 2001, and $80.3 million, $84.4 million, $51.6 million and $58.0 million, respectively, for the four quarters ending December 31, 2002, and

$2.0 million was recognized in the first quarter of 2003. The remaining approximately $1.6 million is expected to be recognized by Time Warner during the remainder of 2003.

- Time Warner has stated that it subsequently provided the SEC a written explanation of the basis for Time Warner's accounting for these transactions and the reasons why both Time Warner and its auditors believed that these transactions have been accounted for correctly.

- On July 23, 2003, Time Warner disclosed that the Office of the Chief Accountant of the SEC has informed Time Warner of its conclusion that the accounting for the two related transactions between Time Warner's America Online unit and Bertelsmann is incorrect. Specifically, Time Warner disclosed that in the view of the Office of the Chief Accountant, Time Warner should have allocated some portion of the $400 million paid by Bertelsmann to Time Warner's America Online unit for advertising, which was run by Time Warner and recognized as revenue, as consideration for Time Warner's decision to relinquish its option to pay Bertelsmann in stock for its interest in AOL Europe, and therefore should have been reflected as a reduction in the purchase price for Bertelsmann's interest in AOL Europe, rather than as advertising revenue. In addition, Time Warner disclosed that the Division of Enforcement of the SEC continues to investigate the facts and circumstance of the negotiation and performance of the foregoing agreements with Bertelsmann, including the value of advertising provided thereunder.

- Time Warner has stated that based upon its knowledge and understanding of the facts of the transactions between Time Warner's America Online unit and Bertelsmann, Time Warner and its auditors continue to believe Time Warner's accounting for these transactions is appropriate. It is possible, however, that Time Warner may learn information as a result of its ongoing review, discussions with the SEC, and/or the SEC's ongoing investigation that would lead Time Warner to reconsider its views of the accounting for these transactions. In light of the conclusion of the Office of the Chief Accountant of the SEC that the accounting for the Bertelsmann transactions is incorrect, it is likely that the SEC would not declare effective any registration statement of Time Warner or its affiliates, such as the potential initial public offering of Time Warner Cable Inc., until this matter is resolved.

- The SEC staff has also informed Time Warner that it is continuing to investigate a range of other transactions principally involving the America Online unit. Time Warner has stated that it intends to continue its efforts to cooperate with both the SEC and the DOJ investigations to resolve these matters.

It is not possible to predict the outcome of the ongoing SEC and DOJ investigations, and Time Warner has disclosed that it is possible that further restatement of Time Warner's financial statements may be necessary.

In addition, Time Warner disclosed that as of May 12, 2003, there were approximately 40 putative class action and shareholder derivative lawsuits alleging violations of federal and state securities laws as well as purported breaches of fiduciary duties pending against Time Warner, certain of its current and former executives, past and present members of its board of directors and, in certain instances, America Online. In addition, Time Warner has disclosed that there are three actions making allegations of ERISA violations. The complaints purport to be made on behalf of certain of Time Warner's shareholders and allege, among other things, that Time Warner made material misrepresentations and/or omissions of material facts in violation of Section 10(b) of the Exchange Act, Rule 10b-5 promulgated thereunder and Section 20(a) of the Exchange Act. Time Warner has stated in its public filings that it is unable to predict the outcome of the pending shareholder litigation, it is incurring expenses as a result of the pending shareholder litigation and any costs associated with judgments in or settlements of these matters could adversely affect its financial condition and results of operations.

PUBLIC INFORMATION CONCERNING TIME WARNER

This prospectus relates only to the debentures and does not relate to Time Warner common stock or any other securities of Time Warner. Time Warner has no obligations whatsoever under the debentures. All disclosures contained in this prospectus regarding Time Warner are derived from the publicly available

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documents referred to in the preceding paragraph. We have not participated in the preparation of Time Warner's documents nor made any due diligence inquiry with respect to the information provided in those documents. The initial purchasers have not made any due diligence inquiry with respect to the information provided in Time Warner's documents in connection with the offering of the debentures. Neither we nor the initial purchasers represent that Time Warner's publicly available documents or any other publicly available information regarding Time Warner are accurate or complete.

We can not provide you with any assurance that all events occurring prior to the date of this prospectus, including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph that would affect the trading price of the Time Warner common stock, and therefore the trading price of the debentures, have been publicly disclosed. Subsequent disclosure of any such event or the disclosure of or failure to disclose material future events concerning Time Warner could affect the trading price of the debentures.

We and our affiliates do not make any representation to you as to the performance of Time Warner, the Time Warner common stock or any other securities of Time Warner.

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PRICE RANGE AND DIVIDEND HISTORY OF TIME WARNER COMMON STOCK

Time Warner common stock is listed and traded on the NYSE under the symbol "TWX". The following table sets forth, for the calendar quarters indicated, the range of high and low sale prices of Time Warner common stock as reported on the NYSE Composite Tape since January 11, 2001, the date on which the merger of America Online, Inc. and Time Warner Inc. was consummated. From January 11, 2001 through October 16, 2003, Time Warner common stock traded on the NYSE under the symbol "AOL".

	TIME WARNER COMMON STOCK	
	HIGH	LOW
2001:		
First quarter (beginning January 11)	$ 52.10	31.50
Second quarter	$ 58.51	33.46
Third quarter	$ 53.30	27.40
Fourth quarter	$ 39.21	29.39

2002:		
First quarter	$ 32.92	22.10
Second quarter	$ 23.96	12.75
Third quarter	$ 14.80	8.70
Fourth quarter	$ 17.89	10.26
2003:		
First quarter	$ 15.65	9.90
Second quarter	$ 16.39	10.80
Third quarter	$ 16.98	14.69
Fourth quarter (through October 30)	$ 16.00	14.76

The last reported sale price on the NYSE of one share of Time Warner common stock on October 30, 2003 was $15.41.

At the date of this prospectus, Time Warner has never paid a cash dividend on its common stock.

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SELLING SECURITY HOLDERS

We issued and sold the debentures in a private placement that was exempt from the registration requirements of the Securities Act. We understand that the initial purchasers of the debentures, Bank of America Securities LLC and J.P. Morgan Securities Inc., subsequently resold the debentures in compliance with Rule 144A. Prior to the time that the registration statement relating to the debentures was initially declared effective by the SEC, the debentures were transferable in accordance with Rule 144A and were eligible for trading in Nasdaq's Private Offerings, Resales and Trading Through Automated Linkages (PORTAL) market. The selling security holders listed below (including their transferees, pledgees, donees or successors) may offer and sell pursuant to this prospectus any or all of the debentures owned by them from time to time.

In accordance with the terms of a registration rights agreement that we entered into with the initial purchasers of the debentures, we have made this prospectus available to the selling security holders so that they may publicly resell their debentures.

The following table sets forth information with respect to each selling security holder and the principal amount of debentures owned by it. The entire principal amount of the debentures owned by each of the selling security holders named in the table may be sold pursuant to this prospectus. Because each selling security holder may sell all or some of its debentures from time to time under this prospectus, no estimate can be given at this time as to the principal amount of debentures that will be held by a particular selling security holder following any sale of debentures by it. In addition, some of the selling security holders named in the table may have sold, transferred, loaned or otherwise disposed of all or a portion of their debentures since the date they last advised us of their holdings, and holders of up to $34,821,000 in aggregate principal amount of the debentures may not be identified in the table. Hence, the total principal amount of debentures included in the following table does not equal the maximum aggregate principal amount of debentures to which this prospectus relates. Changes in the information concerning the selling security holders will be set forth in supplements to this prospectus, when and if necessary. Prior to any use of this prospectus in connection with a sale of any debentures by a selling security holder not identified in the table below, the registration statement of which this prospectus forms a part will be amended by a post-effective amendment to set forth the name, the aggregate principal amount of debentures beneficially owned by the selling security holder and the percentage that those debentures represent of the outstanding debentures.

NAME	PRINCIPAL AMOUNT OF DEBENTURES THAT MAY BE SOLD ($)	PERCENTAGE OF OUTSTANDING DEBENTURES
1976 Distribution Trust FBO A.R. Lauder/Zinterhofer.........	13,000	*
2000 Revocable Trust FBO A.R. Lauder/Zinterhofer............	13,000	*
ADI Alternative Investments................................	17,000,000	*
ADI Alternative Investments c/o Kallista Master Fund........	21,000,000	1.2%
Advent Convertible Master Cayman L.P.......................	18,042,000	1.0%
Advisory Convertible Arbitrage Fund (I) L.P.(1)............	1,000,000	*
Akanthos Arbitrage Master Fund, L.P.	7,500,000	*
Alcon Pharmaceuticals......................................	682,000	*
Allentown City Firefighters Pension Plan...................	45,000	*
Allentown City Officers & Employees Pension Fund...........	29,000	*
Allentown City Police Pension Plan.........................	60,000	*
Allstate Insurance Company(1)..............................	3,400,000	*
Allstate Life Insurance Company(1).........................	6,000,000	*
Alpha US Sub Fund 4, LLC...................................	1,038,000	*
AM/CPV CBPV SEC..	630,000	*
American AAdvantage Funds..................................	355,000	*
American Fidelity Assurance Company........................	850,000	*
American Inventors Life Insurance Co.	400,000	*

NAME	PRINCIPAL AMOUNT OF DEBENTURES THAT MAY BE SOLD ($)	PERCENTAGE OF OUTSTANDING DEBENTURES
Amerisure Mutual Insurance.................................	550,000	*
Amerus Life Insurance Company..............................	1,100,000	*
Arapahoe County Colorado...................................	108,000	*
Arbitex Master Fund, L.P.(1)...............................	47,000,000	2.7%
Argent Classic Convertible Arbitrage Fund (Bermuda) Ltd.....	14,400,000	*
Argent Classic Convertible Arbitrage Fund L.P...............	6,700,000	*
Argent LowLev Convertible Arbitrage Fund LLC................	6,400,000	*
Argent LowLev Convertible Arbitrage Fund Ltd................	22,900,000	1.3%

Arlington County Employees Retirement System...............	1,180,000	*
Asante Health..	125,000	*
Associated Electric & Gas Insurance Services Limited........	2,100,000	*
Attorneys Title Insurance Fund.............................	125,000	*
Aventis Pension Master Trust...............................	320,000	*
Banc of America Securities LLC(2)(3).......................	16,000,000	*
Bank Austria Cayman Islands, Ltd...........................	5,000,000	*
Bank of America Pension Plan...............................	3,000,000	*
Barclays Global Investors Limited..........................	1,500,000	*
Bay County Pers(1)...	80,000	*
Bear, Stearns & Co. Inc.(2)................................	22,500,000	1.3%
Black Diamond Convertible Offshore LDC.....................	3,322,000	*
Black Diamond Offshore Ltd.................................	1,846,000	*
Blue Cross Blue Shield of Delaware, Inc....................	160,000	*
BMO Nesbitt Burns Inc.(2)..................................	4,500,000	*
Boilermaker -- Blacksmith Pension Trust....................	1,800,000	*
BPF Horecabedrijf..	380,000	*
British Virgin Islands Social Security Board...............	156,000	*
CALAMOS(R) Convertible Fund CALAMOS(R) Investment Trust.....	17,720,000	1.0%
CALAMOS(R) Convertible Growth and Income Fund -- CALAMOS(R) Investment Trust...	17,720,000	1.0%
CALAMOS(R) Convertible Portfolio -- CALAMOS(R) Advisors Trust..	200,000	*
CALAMOS(R) Global Convertible Fund -- CALAMOS(R) Investment Trust..	500,000	*
California Wellness Foundation, The........................	500,000	*
Canyon Capital Arbitrage Master Fund, Ltd.(1)..............	4,500,000	*
Canyon Value Realization Fund (Cayman), Ltd.(1)............	6,150,000	*
Canyon Value Realization Fund, L.P.(1).....................	2,250,000	*
Canyon Value Realization MAC 18, Ltd. (RMF)(1).............	900,000	*
CareFirst BlueChoice, Inc..................................	125,000	*
CareFirst of Maryland, Inc.................................	450,000	*
Castle Convertible Fund, Inc...............................	1,000,000	*
CEMEX Pension Plan...	150,000	*
CGNU Life Assurance..	2,350,000	*
Cheyne Leveraged Fund LP...................................	11,599,000	*
Cheyne Fund LP...	18,114,000	1.0%
Chrysler Corporation Master Retirement Trust...............	3,010,000	*
CIP Limited Duration Company...............................	2,228,000	*
Citicorp Life Insurance Company(1).........................	39,000	*
Citigroup Global Markets -- formerly Salomon Smith Barney Inc.(2)(4)..	1,500,000	*
City of Albany Pension Plan................................	175,000	*

NAME	PRINCIPAL AMOUNT OF DEBENTURES THAT MAY BE SOLD ($)	PERCENTAGE OF OUTSTANDING DEBENTURES
City of Birmingham Retirement & Relief System..............	1,300,000	*
City of Knoxville Pension System...........................	370,000	*
City of New Orleans..	360,000	*
City University of New York................................	264,000	*

Cockrell Foundation, The..................................	150,000	*
Commercial Union Life Fund................................	3,000,000	*
Consultim Group Capital Markets Funds......................	2,000,000	*
Context Convertible Arbitrage Fund, LP(2)..................	1,700,000	*
Context Convertible Arbitrage Offshore, LTD.	2,500,000	*
Continental Assurance Company on behalf of its Separate Account (E)(1)..	1,800,000	*
Continental Casualty Company(1)............................	19,200,000	1.1%
Convertible Securities Fund................................	75,000	*
CQS Convertible & Qualitative Strategies Master Fund Limited..	5,000,000	*
Credit Suisse First Boston Europe Limited(1)...............	293,190,000	16.8%
Credit Suisse First Boston LLC(2)..........................	6,000,000	*
CS Alternative Strategy Limited............................	1,100,000	*
Daimler Chrysler Corporation Emp. #1 Pension Plan DTD 4/1/89	6,590,000	*
DBAG London(1)...	120,200,000	6.9%
Deep Rock and Co...	3,500,000	*
Deephaven Domestic Convertible Trading Ltd(1)..............	32,175,000	1.8%
Delaware State Retirement Fund.............................	2,732,000	*
Delta Air Lines Master Trust...............................	1,750,000	*
Delta Air Lines Master Trust-CV............................	1,635,000	*
Delta Pilots Disability and Survivorship Trust.............	500,000	*
Delta Pilots Disability and Survivorship Trust-CV..........	785,000	*
Deutsche Bank Securities Inc.(2)...........................	2,450,000	*
Dodeca Fund L.P..	570,000	*
Dorinco Reinsurance Company................................	1,000,000	*
Double Black Diamond Offshore LDC..........................	9,494,000	*
Dow Chemical Company Employees' Retirement Plan, The........	3,700,000	*
Dresdner Bank AG(2)..	5,000,000	*
Duckbill and Co..	1,000,000	*
Family Service Life Insurance Co.(1).......................	300,000	*
F&C Global Convertible.....................................	140,000	*
Farmington Casualty Company................................	328,000	*
Fondren Foundation, The....................................	180,000	*
Fore Convertible Master Fund, Ltd..........................	2,900,000	*
Franklin & Marshall College................................	490,000	*
FreeState Health Plan, Inc.	55,000	*
Gaia Offshore Master Fund Ltd..............................	12,400,000	*
General Motors Welfare Benefit Trust.......................	2,000,000	*
Genesee County Employees' Retirement System................	700,000	*
Georgia Municipal Employees................................	1,422,000	*
GLG Global Convertible Fund................................	61,000,000	3.5%
GLG Global Convertible Ocits Fund..........................	1,900,000	*
GLG Market Neutral Fund....................................	55,000,000	3.1%
GMAM Group Pension Trust I.................................	1,500,000	*
Government of Singapore Investment Corporation PTE LTD.	7,500,000	*

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NAME	PRINCIPAL AMOUNT OF DEBENTURES THAT MAY BE SOLD ($)	PERCENTAGE OF OUTSTANDING DEBENTURES
Grable Foundation, The.....................................	157,000	*

Grace Convertible Arbitrage Fund, Ltd.(1)	1,500,000	*
Grady Hospital Foundation	234,000	*
Greek Catholic Union of the USA	100,000	*
Group Hospitalization and Medical Services, Inc	480,000	*
Guardian Life Insurance Co.(1)	8,700,000	*
Guardian Pension Trust(1)	900,000	*
Guggenheim Portfolio Co. XV, LLC	1,550,000	*
Guggenheim Portfolio Company VIII, LLC	270,000	*
Hamilton Multi-Strategy Master Fund, LP	24,000,000	1.4%
HealthNow New York, Inc	275,000	*
HFR Convertible Arbitrage Account	1,142,000	*
HSBC Trustee, Zola Managed Trust	500,000	*
IL Annuity and Insurance Company	500,000	*
Independence Blue Cross	744,000	*
Innovest Finanzdienstle	1,500,000	*
Jackson County Employees' Retirement System	550,000	*
JMG Capital Partners, LP	37,839,000	2.2%
JMG Triton Offshore Fund, Ltd	55,839,000	3.2%
JP Morgan Securities Inc.(2)	27,610,000	1.6%
John Deere Pension Trust	2,000,000	*
Kettering Medical Center Funded Depreciation Account	100,000	*
Knoxville Utilities Board Retirement System	200,000	*
LB Series Fund, Inc., High Yield Portfolio(1)	2,200,000	*
LB Series Fund, Inc., Income Portfolio(1)	2,400,000	*
Louisiana Workers' Compensation Corporation	425,000	*
Lutheran Brotherhood High Yield Fund(1)	1,800,000	*
Lutheran Brotherhood Income Fund(1)	1,600,000	*
Lyxor	2,653,000	*
Lyxor/Gaia II Fund Ltd.	3,200,000	*
Lyxor Master Fund (under management of Arbitex Capital Limited)(1)	2,500,000	*
Lyxor Master Fund Ref: Argent/LowLev CB c/o Argent	6,700,000	*
Lyxor Zola Fund Limited(1)	3,500,000	*
Macomb County Employees' Retirement System	400,000	*
Mainstay Convertible Fund(1)	2,460,000	*
Mainstay VP Convertible Fund(1)	1,040,000	*
Man Mac 1 Limited	237,000	*
Managed Assets Trust	500,000	*
Mellon HBV Master Multi-Strategy Fund L.P.(1)	500,000	*
Merril Lynch Insurance Group(1)	597,000	*
Microsoft Corporation	2,395,000	*
Mill River Master Fund, L.P.(1)	1,000,000	*
Motion Picture Industry Health Plan -- Active Member Fund	330,000	*
Motion Picture Industry Health Plan -- Retiree Member Fund	205,000	*
Municipal Employees	424,000	*
National Benefit Life Insurance Company(1)	23,000	*
Nations Convertible Securities Fund	6,925,000	*
New Orleans Firefighters Pension & Relief Fund	240,000	*

NAME	PRINCIPAL AMOUNT OF DEBENTURES THAT MAY BE SOLD ($)	PERCENTAGE OF OUTSTANDING DEBENTURES

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Nicholas Applegate Capital Management Investment Grade Convertible Mutual Fund..................................	20,000	*
Nisswa Master Fund Ltd.	2,000,000	*
NMS Services (Cayman) Inc.(1)..............................	27,500,000	1.6%
Nomura Securities Intl Inc.(2).............................	37,000,000	2.1%
NORCAL Mutual Insurance Company............................	525,000	*
Norwich Union Life and Pensions............................	4,000,000	*
Occidental Petroleum Corporation...........................	460,000	*
OCM Convertible Trust......................................	4,070,000	*
Ohio Bureau of Workers Compensation........................	322,000	*
Oppenheimer Convertible Securities Fund(1).................	8,000,000	*
Pacific Life Insurance Company.............................	1,500,000	*
Park Avenue Life Insurance Co.(1)..........................	100,000	*
Partner Reinsurance Company Ltd............................	1,050,000	*
Peoples Benefit Life Insurance Company Teamsters............	13,000,000	*
Phoenix Insurance Company, The.............................	579,000	*
Physicians' Reciprocal Insurers Account #7.................	800,000	*
Polaris Vega Fund L.P.	2,500,000	*
Policeman and Firemen Retirement System of the City of Detroit..	1,038,000	*
Port Authority of Allegheny County Retirement and Disability Allowance Plan for the Employees Represented by Local 85 of the Amalgamated Transit Union.........................	825,000	*
Primerica Life Insurance Company(1)........................	904,000	*
Privilege Portfolio SICAV..................................	3,000,000	*
Pro-mutual...	1,324,000	*
PVF Sterling Global..	3,000,000	*
Qwest Occupational Health Trust............................	440,000	*
Ramius Capital Group(1)....................................	1,000,000	*
Ramius, LP(1)..	250,000	*
Ramius Master Fund, Ltd.(1)................................	7,625,000	*
Ramius Partners II, LP(1)..................................	350,000	*
RBC Alternative Assets, L.P.(1)............................	200,000	*
RCG Baldwin, LP(1)...	1,000,000	*
RCG Halifax Master Fund, Ltd.(1)...........................	1,500,000	*
RCG Latitude Master Fund, Ltd.(1)..........................	9,275,000	*
RCG Multi Strategy Master Fund, Ltd.(1)....................	1,400,000	*
Retail Clerks Pension Trust................................	3,000,000	*
Retail Clerks Pension Trust #2.............................	1,500,000	*
Sage Capital...	5,300,000	*
Salomon Brothers Asset Management, Inc.(1).................	62,000,000	3.5%
San Francisco City and County ERS..........................	2,607,000	*
SCI Endowment Care Common Trust Fund -- First Union.........	50,000	*
SCI Endowment Care Common Trust Fund -- National Fiduciary Services..	230,000	*
SCI Endowment Care Common Trust Fund -- Sun Trust...........	150,000	*
SEI Private Trust Company..................................	800,000	*
Siemens Convertible Global Markets.........................	500,000	*
Southern Farm Bureau Life Insurance Company.................	1,400,000	*
Sphinx Convertible Arbitrage Fund SPC......................	325,000	*
SPT..	1,800,000	*

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PRINCIPAL

NAME	AMOUNT OF DEBENTURES THAT MAY BE SOLD ($)	PERCENTAGE OF OUTSTANDING DEBENTURES
St. Albans Partners LTD.	18,000,000	1.0%
Standard Fire Insurance Company, The	529,000	*
State Employees' Retirement Fund of the State of Delaware	1,400,000	*
State of Florida Division of Treasury	11,575,000	*
State of Maryland Retirement Agency	5,659,000	*
State Street Custodian for GE Pension Trust	4,270,000	*
Sunrise Partners Limited Partnership(1)	22,000,000	1.3%
SuttonBrook Capital Portfolio, LP	42,500,000	2.4%
Swiss Re Financial Products Corporation	5,741,000	*
Tag Associates	225,000	*
TCW Group, Inc.	14,400,000	*
TD Securities (USA) Inc.(2)	17,830,000	1.0%
Thrivent Financial for Lutherans(1)	8,500,000	*
Topanga XI(1)	5,500,000	*
Travelers Casualty and Surety Company, The	394,000	*
Travelers Casualty and Surety Company of Illinois, The	356,000	*
Travelers Insurance Company -- Life, The(1)	1,652,000	*
Travelers Insurance Company Separate Account TLAC, The(1)	85,000	*
Travelers Life and Annuity Company, The(1)	111,000	*
Travelers Series Trust Convertible Bond Portfolio	85,000	*
Trustmark Insurance	605,000	*
UBS AG LONDON(2)	31,000	*
UBS Securities LLC(2)	15,231,000	*
UFJ International plc	10,000,000	*
Union Carbide Retirement Account	1,500,000	*
Union Investment Privatfonds(1)	300,000	*
United Food and Commercial Workers Local 1262 and Employers Pension Fund	800,000	*
Univar USA Inc. Retirement Plan	375,000	*
Van Kampen Harbor Fund(2)	2,000,000	*
Vanguard Convertible Securities Fund, Inc.	11,180,000	*
Victory Capital Management as Agent for the Charitable Convertible Securities Fund	825,000	*
Victory Capital Management as Agent for the Charitable Income Fund	250,000	*
Victory Capital Management as Agent for the EB Convertible Securities Fund	1,230,000	*
Victory Capital Management as Agent for the Field Foundation of Illinois	70,000	*
Victory Capital Management as Agent for the GenCorp Foundation	55,000	*
Victory Capital Management as Agent for the Key Trust Convertible Securities Fund	225,000	*
Victory Capital Management as Agent for the Key Trust Fixed Income Fund	340,000	*
Victory Capital Management as Agent for the Victory Convertible Securities Fund	810,000	*
Victory Capital Management as Investment Manager for the California State Auto Assoc ASNF	45,000	*
Victory Capital Management as Investment Manager for the California State Auto Assoc Inter-Insurance	495,000	*
Victory Capital Management as Investment Manager for the California State Auto Assoc Retirement Pension	75,000	*

NAME	PRINCIPAL AMOUNT OF DEBENTURES THAT MAY BE SOLD ($)	PERCENTAGE OF OUTSTANDING DEBENTURES
Victory Capital Management as Investment Manager for CompSource Oklahoma	450,000	*
Victory Capital Management as Investment Manager for Georgia Municipal Employees Retirement Trust Fdn	565,000	*
Victory Capital Management as Investment Manager for Health Foundation of Greater Cincinnati	210,000	*
Victory Capital Management as Investment Manager for Potlatch	750,000	*
Victory Capital Management as Investment Manager for Stamford Police Pension Fund	55,000	*
Wachovia Securities LLC(2)	10,000,000	*
Wachovia Securities International LTD.(1)	5,000,000	*
White River Securities L.L.C.(2)	22,500,000	1.3%
Worldwide Transactions Ltd	338,000	*
Xavex Convertible Arbitrage 2 Fund	2,200,000	*
Xavex Convertible Arbitrage 5 Fund(1)	1,000,000	*
Xavex-Convertible Arbitrage 10 Fund	1,900,000	*
Yield Strategies Fund I, L.P	10,000,000	*
Yield Strategies Fund II, L.P	11,000,000	*
Zola Partners, L.P	1,500,000	*
Zurich Institutional Benchmark Master Fund c/o Argent	1,900,000	*
Total	$1,715,179,000	98.0%

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* Less than 1%.

(1) The selling security holder is an affiliate of a registered broker-dealer.

(2) The selling security holder is a registered broker-dealer.

(3) Banc of America Securities LLC was an initial purchaser of the debentures and in the past has performed investment banking services for Liberty and may continue to perform such services for Liberty in the future.

(4) CitiGroup Global Markets, Inc. (f/k/a Salomon Smith Barney Inc.) has been an investment advisor and has performed underwriting services for prior Liberty offerings, and may continue to perform such services for Liberty in the future.

We prepared the above table based on information supplied to us by the selling security holders named in the table. Unless otherwise disclosed in the footnotes to the table, no selling security holder has indicated that it has had any material relationship with us or our affiliates during the past three years. The selling security holders listed in the above table may have sold or transferred, in transactions exempt from the registration requirements of the Securities Act, some or all of their debentures since the date as of which the information is presented in the above table. We may add the names of other selling security holders and related information by means of a post-effective amendment to the registration statement of which this prospectus is a part.

To the extent that any of the selling security holders identified above are broker-dealers, they are deemed to be, under interpretations of the SEC, "underwriters" within the meaning of the Securities Act.

With respect to selling security holders that are affiliates of broker-dealers, such selling security holders have informed us that they acquired their debentures in the ordinary course of business and, at the time of the purchase of the debentures, such selling security holders had no agreements or understandings, directly or indirectly, with any person to distribute the debentures.

DESCRIPTION OF THE DEBENTURES

The debentures were issued as a separate series of securities under an indenture dated as of July 7, 1999, between Liberty and The Bank of New York, as trustee, as supplemented by a tenth supplemental indenture dated as of March 26, 2003, between Liberty and the trustee. When we refer to the indenture, we mean the indenture as supplemented by the tenth supplemental indenture. The terms of the debentures include those stated in the indenture and those terms made part of the indenture by reference to the Trust Indenture Act of 1939, as amended. The following summary of certain provisions of the indenture and the debentures does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the indenture. A copy of the indenture is available upon request from Liberty. Capitalized terms used and not otherwise defined in this section have the meanings ascribed to them in the indenture.

GENERAL

The indenture provides that senior debt securities may be issued by Liberty thereunder from time to time in one or more series. The senior debt securities that Liberty may issue under the indenture, including the debentures, are collectively referred to in this section as the "senior debt securities." The indenture does not limit the aggregate principal amount of senior debt securities that may be issued under it. Senior debt securities of each series issued under the indenture, including the debentures, may be reopened at any time and additional securities of that series may be issued.

The .75% Exchangeable Senior Debentures due 2023 constitute a separate series of senior debt securities under the indenture. The debentures are unsecured senior obligations of Liberty and are initially limited to an aggregate original principal amount of $1,750,000,000. They will mature on March 30, 2023, unless earlier exchanged by the holders, purchased by us at the option of the holders or redeemed by us. When we refer to a "debenture" in this section, we are referring to a debenture in the original principal amount of $1,000.

The indenture does not contain any provision that restricts the ability of Liberty to incur additional indebtedness. It also does not afford holders of debentures any protection in the event of a decline in Liberty's credit quality as a result of a takeover, recapitalization or similar transaction involving Liberty. Subject to the limitations set forth under "-- Successor Corporation" below, Liberty may enter into transactions, including a sale of all or substantially all of its assets, a merger or a consolidation, that could substantially increase the amount of Liberty's indebtedness or substantially reduce or eliminate its assets, and which may have an adverse effect on

Liberty's ability to service its indebtedness, including the debentures.

Liberty will make payments of principal, interest and distributions on the debentures through the trustee to the depositary, as the registered holder of the debentures. See "-- Form, Denomination and Registration" below. Liberty will not have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global debentures registered in the name of the depositary or its nominee, or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

If any payment or distribution on the debentures is to be made on a day that is not a business day, that payment or distribution will be made on the next business day, without interest or any other payment being made on account of the delay. A business day means any day that is not a Saturday, Sunday or legal holiday on which banking institutions or trust companies in The City of New York are authorized or obligated by law or regulation to close.

If the debentures at some date are reissued in certificated form, Liberty will make payments of principal, interest and distributions on the debentures to the registered holders thereof as described in this paragraph. Liberty will make payments due on the maturity date in immediately available funds upon presentation and surrender by the holder of a certificated debenture at the office or agency maintained by Liberty for this purpose in the Borough of Manhattan, The City of New York, which is expected to be the office of the trustee at 101 Barclay Street, New York, N.Y. 10286. Liberty will pay interest and additional distributions due on a certificated debenture on any interest payment date other than the maturity date by check mailed to the address of the holder entitled to the payment as his address shall appear in the security register of

Liberty. Notwithstanding the foregoing, a holder of $10 million or more in aggregate original principal amount of certificated debentures will be entitled to receive such payments, on any interest payment date other than the maturity date, by wire transfer of immediately available funds if appropriate wire transfer instructions have been received in writing by the trustee not less than 15 calendar days prior to the interest payment date. Any wire transfer instructions received by the trustee will remain in effect until revoked by the holder. Any interest and any additional distribution due and not punctually paid or duly provided for on a certificated debenture on any interest payment date other than the maturity date will cease to be payable to the holder of that debenture as of the close of business on the related record date and may either be paid (1) to the person in whose name the certificated debenture is registered at the close of business on a special record date for the payment of the defaulted interest and any additional distribution that is fixed by Liberty, written notice of which will be given to the holders of the debentures not less than 30 calendar days prior to the special record date, or (2) at any time in any other lawful manner.

All moneys or in-kind distributions paid or made by Liberty to the trustee or any paying agent for the payment of principal and interest on any certificated debenture which remain unclaimed for two years after the payment or making thereof may be repaid or returned to Liberty and, thereafter, the holder of the debenture may look only to Liberty for payment.

Each debenture has been issued in book-entry form (a "book-entry debenture") in minimum denominations of $1,000 original principal amount and integral multiples thereof. Each book-entry debenture is represented by one or more global debentures in fully registered form, registered in the name of The

Depository Trust Company, which is referred to in this prospectus as "DTC" or the "depositary," or its nominee. Beneficial interests in the global debentures are shown on, and transfers thereof are effected only through, records maintained by DTC and its participants. See "-- Form, Denomination and Registration."

Book-entry debentures may be transferred or exchanged only through the depositary. See "-- Form, Denomination and Registration." Registration of transfer or exchange of certificated debentures will be made at the office or agency maintained by Liberty for this purpose in the Borough of Manhattan, The City of New York, currently the office of the trustee at 101 Barclay Street, New York, New York 10286. Neither Liberty nor the trustee will charge a service charge for any registration of transfer or exchange of debentures, but Liberty may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange (other than exchanges pursuant to the indenture not involving any transfer).

If any reference shares or shares of our Series A common stock are to be delivered upon an exchange or payment of any debenture, we will not deliver fractional securities. Instead, we will pay cash in an amount equal to the product of the fractional interest times the applicable current market price of the shares determined for purposes of fixing the number of shares to be delivered upon such exchange or payment.

RANKING AND HOLDING COMPANY STRUCTURE

The debentures, which constitute unsecured senior indebtedness of Liberty, rank equally with Liberty's existing and future unsubordinated unsecured indebtedness, and senior in right of payment to all subordinated indebtedness of Liberty. The debentures are effectively subordinated to all secured indebtedness of Liberty, to the extent of the value of the assets securing that indebtedness, and to all liabilities of Liberty's subsidiaries to the extent of the value of the assets of our subsidiaries. As of June 30, 2003, we had no secured indebtedness and our consolidated subsidiaries had outstanding $9,938 million of liabilities, all of which effectively rank senior to the debentures. See "Risk Factors -- Factors Relating to Our Company -- Our holding company structure could restrict access to funds of our subsidiaries that may be needed to service the debentures."

Liberty is a holding company and is largely dependent on dividends, distributions and other payments from its subsidiaries and business affiliates and other investments to meet its financial obligations, and will be dependent on those payments to meet its obligations under the debentures. Liberty's subsidiaries and business affiliates have no obligation, contingent or otherwise, to pay any amounts due under the debentures or to make any funds available for any of those payments. See "Risk Factors -- Factors Relating to Our

Company -- We could be unable in the future to obtain a sufficient amount of cash with which to service our financial obligations."

INTEREST

Liberty will pay interest on the debentures semi-annually on March 30 and September 30, beginning September 30, 2003, at an annual rate of .75% of the original principal amount of each debenture. The debentures will begin to accrue interest from and including March 26, 2003. Interest will be paid to the persons in whose names the debentures are registered at the close of business on the March 15 and September 15 preceding the interest payment date. Changes in the adjusted principal amount will not affect the amount of the semi-annual interest payments received by holders of the debentures, which is calculated solely on the original principal amount. See "-- Adjusted Principal Amount" below. However, to the extent that such interest payments exceed an annualized yield of ..75% of the adjusted principal amount from time to time in effect, the adjusted principal amount will be reduced. Interest payable at maturity, or upon any earlier date of purchase by us at your option or redemption, will be payable to the person to whom principal shall be payable on that date. Interest on the debentures is calculated on the basis of a 360-day year of twelve 30-day months.

Until a debenture can be transferred in compliance with Rule 144(k) under the Securities Act, the interest rate on that debenture is subject to increase in the event this prospectus becomes unusable by the selling