



Q2-10 Earnings Call August 9, 2010

Forward Looking Statements

This presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about financial guidance, business strategies, market potential, future financial performance, new service and product launches, the pending launch of QVC Italy, the proposed split-off of our Liberty Capital and Liberty Starz tracking stock groups and other matters that are not historical facts. These forward-looking statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including, without limitation, possible changes in market acceptance of new products or services, competitive issues, regulatory matters affecting our businesses, continued access to capital on terms acceptable to Liberty Media, changes in law and government regulations that may impact the derivative instruments that hedge certain of our financial risks and the satisfaction of the conditions to the proposed split-off. These forward looking statements speak only as of the date of this presentation, and Liberty Media expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in Liberty Media's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Please refer to the publicly filed documents of Liberty Media, including the most recent Form 10-Q and 10-K, for additional information about Liberty Media and about the risks and uncertainties related to Liberty Media's business which may affect the statements made in this presentation.

On today's call we will discuss certain non-GAAP financial measures including adjusted OIBDA and adjusted OIBDA margin. The required definitions and reconciliations (Preliminary Note and Schedules 1 - 3) can be found at the end of this presentation. Unless otherwise noted, this presentation compares financial information for the three months ended June 30, 2010 to the prior year. Certain prior period amounts have been reclassified for comparability with the 2010 presentation.

Additional Information

Nothing in this presentation shall constitute a solicitation to buy or an offer to sell shares of Liberty Media stock or the stock of the split-off entity. The offer and sale of shares in the proposed split-off will only be made pursuant to an effective registration statement. Stockholders and other investors are urged to read the registration statement to be filed with the SEC, including the proxy statement/prospectus to be contained therein, because it will contain important information about the transaction. A copy of the registration statement and the proxy statement/prospectus, once filed, will be available free of charge at the SEC's website (<http://www.sec.gov>). Copies of the proxy statement/prospectus and the filings with the SEC that will be incorporated by reference in the proxy statement/prospectus can also be obtained, without charge, by directing a request to Liberty Media Corporation, 12300 Liberty Boulevard, Englewood, Colorado 80112, Attention: Investor Relations, Telephone: (720) 875-5408.

Participants in a Solicitation

The directors and executive officers of Liberty Media and other persons may be deemed to be participants in the solicitation of proxies in respect of proposals to approve the split-off. Information regarding Liberty Media's directors and executive officers, those of the split-off entity and other participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be available in the proxy materials to be filed with the SEC.



Highlights

- **Liberty Media Corporation**
 - Announced plan to split-off Liberty Capital and Liberty Starz
 - Filed lawsuit in support of indenture position
- **Liberty Interactive**
 - QVC US – achieved adjusted OIBDA margins of 25.4%, the second highest level in QVC’s history
 - Retired \$479m principal amount of 5.7% 2013 bonds through successful tender offer and subsequent open-market purchases through July 26, 2010
- **Liberty Starz**
 - Attained solid viewership of *The Pillars of the Earth*, which debuted on Starz in July
 - Completed new affiliation agreement with Comcast
- **Liberty Capital**
 - Repurchased \$344m of Liberty Capital stock, from May 3 through July 30, 2010
 - Applied proceeds from the settlement of equity collars to reduce debt by \$379m

Liberty Interactive

(\$ millions)	<u>Revenue</u>	<u>Percent Change</u>	<u>Adjusted OIBDA (1)</u>	<u>Percent Change</u>	<u>Operating Income</u>	<u>Percent Change</u>
QVC	1,758	5%	403	9%	270	12%
eCommerce Businesses	295	15%	28	-36%	8	-74%
Corporate and Other	-	N/A	(3)	0%	(4)	33%
Total Liberty Interactive	\$ 2,053	6%	\$ 428	4%	\$ 274	3%

	<u>March 31, 2010</u>	<u>June 30, 2010</u>
<u>Cash, Public Holdings and Derivatives</u>		
InterActiveCorp	292	281
InterActiveCorp Spin-Off Companies ⁽²⁾	813	669
Expedia ⁽²⁾	1,727	1,300
Total	\$ 2,832	\$ 2,250
Cash	1,731	1,100
Total	\$ 4,563	\$ 3,350
<u>Attributed Debt (at face)</u>		
Liberty Senior Notes and Debentures	3,556	3,127
QVC Senior Notes	2,000	2,000
QVC Bank Credit Facility and Other	2,060	1,896
Total Debt	\$ 7,616	\$ 7,023

1) See reconciling schedules (Preliminary Note, Schedule 1, Schedule 2 and Schedule 3) at the end of this presentation.

2) Represents fair value of Liberty's investment in the InterActiveCorp spin-off companies (HSN, Interval Leisure Group, and Tree.com) and Expedia. In accordance with GAAP, Liberty accounts for these investments using the equity method of accounting and includes these investments in its consolidated balance sheet at their historical carrying values.



QVC

	<u>Revenue</u>	<u>Adj. OIBDA</u> ⁽¹⁾
Domestic	4%	10%
International	<u>7%</u>	<u>4%</u>
Consolidated	5%	9%

- Domestic: ASP and units sold increased 3% and 2%, respectively
- Domestic gross margin and adjusted OIBDA margin⁽¹⁾ increased 90 bps and 153 bps, respectively
- QVC.com sales increased to 32% of domestic revenue from 27% in Q2-09
- Consolidated operating income for QVC increased by 12%

<u>Local currency</u>	<u>Revenue</u>	<u>Adj. OIBDA</u> ⁽¹⁾	<u>ASP</u>	<u>Units</u> ⁽²⁾
UK	8%	16%	-2%	11%
Germany	7%	-2%	4%	2%
Japan	<u>10%</u>	<u>14%</u>	<u>-5%</u>	<u>16%</u>
International	8%	5%	0%	8%

1) See reconciling schedules (Preliminary Note, Schedule 1, Schedule 2 and Schedule 3) at the end of this presentation.

2) Represents units sold

Liberty Starz

(\$ millions)	<u>Revenue</u>	<u>Percent Change</u>	<u>Adjusted OIBDA (1)</u>	<u>Percent Change</u>	<u>Operating Income</u>	<u>Percent Change</u>
Starz Entertainment	308	4%	107	2%	102	11%
Corporate and Other	3	0%	(4)	-300%	(6)	65%
Total Liberty Entertainment	\$ 311	4%	\$ 103	-1%	\$ 96	28%

	<u>March 31, 2010</u>	<u>June 30, 2010</u>
<u>Cash, Public Holdings and Derivatives</u>		
Other	1	1
Cash and Liquid Investments	1,005	1,083 ⁽²⁾
Total	\$ 1,006	\$ 1,084
<u>Attributed Debt (at face)</u>		
Total Debt	\$ 47	\$ 46

1) See reconciling schedules (Preliminary Note, Schedule 1, Schedule 2 and Schedule 3) at the end of this presentation.

2) Includes \$117 million of short-term marketable securities and \$20 million of marketable securities with an original maturity greater than one year as of June 30, 2010, which is reflected in other current assets and investments in available-for-sale securities, respectively, in Liberty's condensed consolidated balance sheet. See reconciling Schedule 3 at the end of the presentation.

Starz Entertainment

- Original programming continues to gain momentum
 - *The Pillars of the Earth* – debuted on July 23rd
 - *Camelot* – commenced filming
 - *Spartacus: Gods of the Arena* – prequel in development
 - *Torchwood* – 10-episode series based on BBC hit
- Completed new Comcast affiliation agreement
- Average subscription units over Q2-09
 - Starz – decreased 3%
 - Encore – decreased 1%
- Subscribers grew sequentially over Q1-10
 - Starz – increased 1%
 - Encore – increased 3%

Liberty Capital

(\$ millions)	Revenue	Percent Change	Adjusted OIBDA (1)	Percent Change	Operating Income	Percent Change
Starz Media	84	-7%	(54)	-418%	(55)	-467%
Corporate and Other	116	6%	(5)	62%	(28)	18%
Total Liberty Capital	\$ 200	1%	\$ (59)	-1575%	\$ (83)	-337%

	March 31, 2010	June 30, 2010
<u>Cash, Public Holdings and Derivatives</u>		
SIRIUS XM Debt and Equity ⁽²⁾	2,701	2,857
Other ⁽³⁾	2,998	2,458
Total	\$ 5,699	\$ 5,315
Cash and Liquid Investments ⁽⁴⁾	2,480	2,265 ⁽⁵⁾
Total	\$ 8,179	\$ 7,580
<u>Attributed Debt (at face)</u>		
Liberty Senior Notes and Debentures	1,138	1,138
Bank Credit Facility	750	750
Liberty Derivative Borrowing	379	-
Other	106	86
Total Debt	\$ 2,373	\$ 1,974

1) See reconciling schedules (Preliminary Note, Schedule 1, Schedule 2 and Schedule 3) at the end of this presentation.

2) Represents the fair value of Liberty's various debt and equity investments in SIRIUS XM. The fair value of Liberty's convertible preferred stock is calculated on an as-if-converted basis into common stock. In accordance with GAAP, Liberty accounts for the convertible preferred stock using the equity method of accounting and includes this in its consolidated balance sheet at historical carrying value.

3) Represents Liberty's other public holdings which are accounted for at fair value including any associated equity derivatives on such investments. Also includes the liability associated with borrowed shares which totaled \$913 million and \$904 million on March 31, 2010 and June 30, 2010, respectively.

4) Does not include \$468 million and \$476 million of restricted cash on March 31, 2010 and June 30, 2010, respectively, associated with the bank credit facility that is reflected in other long-term assets in Liberty's condensed consolidated balance sheet.

5) Includes \$205 million of short-term marketable securities on June 30, 2010, which is reflected in other current assets in Liberty's condensed consolidated balance sheet. See reconciling Schedule 3 at the end of this presentation.



Priorities

- Liberty Media
 - Progress with split-off of Liberty Capital and Liberty Starz
- Liberty Interactive
 - Continue operating momentum at QVC
 - Rationalize non-core holdings
- Liberty Starz
 - Focus on operational execution and building cost-effective original programming strategy to differentiate channels for distribution partners and consumers
 - Evaluate opportunities for cash and balance sheet management
- Liberty Capital
 - Determine effective uses of capital
 - Continue to rationalize non-core holdings

Reconciling Schedules

Preliminary Note

This presentation includes references to adjusted OIBDA, which is a non-GAAP financial measure, for each of Liberty Media's tracking stock groups and each of QVC (and certain of its subsidiaries), the eCommerce businesses, Starz Entertainment and Starz Media together with a reconciliation to that group's or entity's operating income, as determined under GAAP. Liberty Media defines adjusted OIBDA as revenue less cost of sales, operating expenses and selling, general and administrative expenses (excluding stock and other equity-based compensation) and excludes from that definition depreciation and amortization and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Further, this presentation includes adjusted OIBDA margin, which is also a non-GAAP financial measure. Liberty Media defines adjusted OIBDA margin as adjusted OIBDA divided by revenue.

Liberty Media believes adjusted OIBDA is an important indicator of the operational strength and performance of its businesses, including the ability to service debt and fund capital expenditures. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. Because adjusted OIBDA is used as a measure of operating performance, Liberty Media views operating income as the most directly comparable GAAP measure. Adjusted OIBDA is not meant to replace or supersede operating income or any other GAAP measure, but rather to supplement such GAAP measures in order to present investors with the same information that Liberty Media's management considers in assessing the results of operations and performance of its assets. Please see the attached schedules for a reconciliation of adjusted OIBDA to operating income (loss) for Liberty Interactive group, Liberty Starz group and Liberty Capital group (Schedule 1) and a reconciliation, for QVC (and certain of its subsidiaries), the eCommerce businesses, Starz Entertainment and Starz Media, of each identified entity's adjusted OIBDA to its operating income calculated in accordance with GAAP (Schedule 2).

Reconciling Schedules (Schedule 1)

(\$ millions)	2Q09	3Q09	4Q09	1Q10	2Q10
Liberty Interactive Group					
Adjusted OIBDA	\$412	\$345	\$556	\$381	\$428
Depreciation and Amortization	(135)	(139)	(145)	(141)	(139)
Stock Compensation Expense	(11)	(12)	(14)	(22)	(15)
Operating Income	\$266	\$194	\$397	\$218	\$274
Liberty Starz Group					
Adjusted OIBDA	\$104	\$92	\$74	\$103	\$103
Depreciation and Amortization	(6)	(5)	(4)	(5)	(4)
Stock Compensation Expense	(23)	(20)	(16)	(6)	(3)
Impairment of Long-Lived assets	--	--	(5)	--	--
Operating Income	\$75	\$67	\$49	\$92	\$96
Liberty Capital Group					
Adjusted OIBDA	\$4	(\$71)	(\$76)	(\$43)	(\$59)
Depreciation and Amortization	(22)	(20)	(17)	(16)	(21)
Stock Compensation Expense	(1)	(3)	--	(11)	(3)
Impairment of Long-Lived assets	--	--	(4)	--	--
Operating Loss	(\$19)	(\$94)	(\$97)	(\$70)	(\$83)

The information shown above provides a reconciliation for Liberty Interactive group, Liberty Starz group and Liberty Capital group of adjusted OIBDA to operating income calculated in accordance with GAAP for the three months ended June 30, 2009, December 31, 2009, March 31, 2010 and June 30, 2010, respectively.



Reconciling Schedules (Schedule 1)

(\$ millions)	Q209	Q210
Liberty Interactive group	\$412	\$428
Liberty Starz group	104	103
Liberty Capital group	4	(59)
Consolidated Adjusted OIBDA	\$520	\$472
Consolidated Segment Adjusted OIBDA	\$520	\$472
Stock-Based Compensation	(35)	(21)
Depreciation and Amortization	(163)	(164)
Interest Expense	(143)	(174)
Share of Earnings of Affiliates, net	14	39
Realized and Unrealized Gain (Losses) on Financial Instruments, net	266	(81)
Gains on Dispositions, net	113	25
Other, net	81	2
Earnings from Continuing Operations Before Income Taxes	\$653	\$98

The information shown above provides a reconciliation of adjusted OIBDA to earnings from continuing operations before income taxes for the three months ended June 30, 2009 and 2010, respectively.

Reconciling Schedules (Schedule 2)

(\$ millions)

<u>Liberty Interactive Group</u>	<u>2Q09</u>	<u>3Q09</u>	<u>4Q09</u>	<u>1Q10</u>	<u>2Q10</u>
QVC					
QVC US Adjusted OIBDA	275	242	368	261	303
QVC UK	20	23	39	19	22
QVC Germany	33	34	65	42	30
QVC Japan	44	43	57	48	53
QVC Italy	(1)	(1)	(2)	(4)	(5)
QVC International Adjusted OIBDA	\$96	\$99	\$159	\$105	\$100
Total QVC Adjusted OIBDA	\$371	\$341	\$527	\$366	\$403
Depreciation and Amortization	(127)	(129)	(134)	(129)	(129)
Stock Compensation Expense	(3)	(4)	(5)	(5)	(4)
Operating Income	\$241	\$208	\$388	\$232	\$270
eCommerce Businesses					
Adjusted OIBDA	\$44	\$7	\$34	\$18	\$28
Depreciation and Amortization	(9)	(10)	(11)	(10)	(11)
Stock Compensation Expense	(4)	(4)	(6)	(4)	(9)
Operating Income (Loss)	\$31	(\$7)	\$17	\$4	\$8

The information shown above provides a reconciliation for QVC (and certain of its subsidiaries) and the eCommerce businesses of adjusted OIBDA to that entity or group's operating income (loss) calculated in accordance with GAAP for the three months ended June 30, 2009, September 30, 2009, December 31, 2009, March 31, 2010 and June 30, 2010, respectively.

Reconciling Schedules (Schedule 2)

(\$ millions)

<u>Liberty Starz Group</u>	<u>2Q09</u>	<u>3Q09</u>	<u>4Q09</u>	<u>1Q10</u>	<u>2Q10</u>
Starz Entertainment					
Adjusted OIBDA	\$105	\$93	\$78	\$106	\$107
Depreciation and Amortization	(5)	(3)	(4)	(4)	(4)
Stock Compensation Expense	(8)	(12)	(9)	(3)	(1)
Operating Income	<u>\$92</u>	<u>\$78</u>	<u>\$65</u>	<u>\$99</u>	<u>\$102</u>
<u>Liberty Capital Group</u>					
Starz Media					
Adjusted OIBDA	\$17	(\$71)	(\$44)	(\$7)	(\$54)
Depreciation and Amortization	(3)	(2)	(1)	(2)	(2)
Stock Compensation Expense	1	--	1	--	1
Operating Income (Loss)	<u>\$15</u>	<u>(\$73)</u>	<u>(\$44)</u>	<u>(\$9)</u>	<u>(\$55)</u>

The information shown above provides a reconciliation for Starz Entertainment and Starz Media of adjusted OIBDA to that entity or group's operating income (loss) calculated in accordance with GAAP for the three months ended June 30, 2009, September 30, 2009, December 31, 2009, March 31, 2010 and June 30, 2010, respectively.



Reconciling Schedules (Schedule 3)

<i>(amounts in millions)</i>	3/31/10	6/30/10
Cash and Liquid Investments Attributable to:		
Liberty Interactive Group	1,731	1,100
Liberty Starz Group	1,005	1,083 ⁽¹⁾
Liberty Capital Group ⁽³⁾	2,480	2,265 ⁽²⁾
Liberty Consolidated Cash and Liquid Investments	5,216	4,448
Less:		
Short-Term Marketable Securities – Liberty Starz Group	–	117
Short-Term Marketable Securities – Liberty Capital Group	–	205
Long-Term Marketable Securities – Liberty Starz Group	–	20
Total Liberty Consolidated Cash (GAAP)		4,106
Debt:		
Senior Notes and Debentures ⁽⁴⁾	\$ 1,594	\$ 1,165
Senior Exchangeable Debentures ⁽⁵⁾	1,962	1,962
QVC Senior Notes ⁽⁴⁾	2,000	2,000
QVC Bank Credit Facility	1,996	1,825
Other	64	71
Total Attributed Liberty Interactive Group Debt	7,616	7,023
Unamortized Discount	(24)	(23)
Fair Market Value Adjustment	(851)	(905)
Total Attributed Liberty Interactive Group Debt (GAAP)	6,741	6,095
Other	47	46
Total Attributed Liberty Starz Group Debt (GAAP)	47	46
Senior Exchangeable Debentures ⁽⁵⁾	1,138	1,138
Bank Credit Facility	750	750
Liberty Derivative Borrowing	379	–
Other	106	86
Total Attributed Liberty Capital Group Debt	2,373	1,974
Fair Market Value Adjustment	73	40
Total Attributed Liberty Capital Group Debt (GAAP)	2,446	2,014
Consolidated Liberty Debt (GAAP)	\$ 9,234	\$ 8,155

- 1) Includes \$117 million of short-term marketable securities and \$20 million of marketable securities with an original maturity greater than one year as of June 30, 2010, which is reflected in other current assets and investments in available-for-sale securities, respectively, in Liberty's condensed consolidated balance sheet.
- 2) Includes \$205 million of short-term marketable securities on June 30, 2010, which is reflected in other current assets in Liberty's condensed consolidated balance sheet.
- 3) Excludes \$468 million and \$476 million of restricted cash on March 31, 2010 and June 30, 2010, respectively, associated with the bank credit facility that is reflected in other long-term assets in Liberty's condensed consolidated balance sheet.
- 4) Face amount of Senior Notes and Debentures with no reduction for the unamortized discount or fair market value adjustment.
- 5) Face amount of Senior Exchangeable Debentures with no reduction for the fair market value adjustment