



Q2-11 Earnings Call

August 9, 2011



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 business strategies, market potential, future financial prospects, international expansion, new service and product launches including original content programming, our ability to complete acquisition opportunities, 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 Form 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 quarter or six month period ended June 30, 2011 to the same period(s) in 2010. Certain prior period amounts have been reclassified for comparability with the current presentation.

Additional Information

Nothing in this presentation shall constitute a solicitation to buy or an offer to sell shares of Liberty CapStarz, Inc. (formerly named Liberty Splitco, Inc.), the split-off entity or any of Liberty's tracking stocks. The offer and sale of shares in the proposed split-off will only be made pursuant to Liberty CapStarz, Inc.'s effective registration statement. Liberty stockholders and other investors are urged to read the effective registration statement on file with the SEC, including Liberty's proxy statement/prospectus contained therein, together with Liberty CapStarz's most recently filed Forms 10-Q; because they contain important information about the split-off. Copies of these SEC filings are available free of charge at the SEC's website (<http://www.sec.gov>). Copies of the filings together with the materials incorporated by reference therein are also available, without charge, by directing a request to Liberty Media Corporation, 12300 Liberty Boulevard, Englewood, Colorado 80112, Attention: Investor Relations, Telephone: (720) 875-5408.



Highlights

☒ Liberty Media Corporation

☐ Continue to pursue split-off

- ☒ Appeal will be heard in Delaware Supreme Court on 9/14
- ☒ Expect to complete split-off in Q3

☒ Liberty Interactive

☐ Grew consolidated QVC revenue by 8% with growth in each market

- ☒ Excluding effects of new GE Money Bank agreement and QVC Italy launch, adjusted OIBDA⁽¹⁾ grew 8% for Q2
- ☒ Operating income increased 4%, excluding effects of new GE Money Bank agreement and QVC Italy launch, operating income grew 11% for Q2

☒ Liberty Starz

☐ Signed partnership deal with BBC Worldwide to produce and distribute original content on Starz

☒ Liberty Capital

☐ Seeking to acquire a significant stake in Barnes and Noble

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



Liberty Interactive

(\$ millions)	Revenue	Percent Change	Adjusted OIBDA(1)	Percent Change	Operating Income	Percent Change
QVC	1,898	8%	418	4%	281	4%
eCommerce businesses	347	18%	36	29%	19	138%
Corporate and other	-	N/A	(4)	-33%	(12)	-200%
Total Liberty Interactive	\$ 2,245	9%	\$ 450	5%	\$ 288	5%

QVC adjusted OIBDA growth

8%

Excluding the effects of the new GE Money Bank agreement and QVC Italy launch

	March 31, 2011	June 30, 2011
Cash and Public Holdings		
Expedia⁽²⁾	1,569	2,007
HSN⁽²⁾	593	610
Interval Leisure Group and Tree.com⁽²⁾	288	242
Non strategic public holdings⁽³⁾	1,207	1,258
Total	\$ 3,657	\$ 4,117
Cash⁽⁴⁾	1,350	1,360
Total	\$ 5,007	\$ 5,477
Attributed Debt (at face)		
Liberty senior notes and debentures^{(3) (5)}	4,211	4,201
QVC senior notes	2,000	2,000
QVC bank credit facility and other	834	676
Total Debt	\$ 7,045	\$ 6,877

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 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.

3) Represents Liberty's other public holdings which are accounted for at fair value including any associated equity derivatives on such investments.

4) Includes \$111 million and \$48 million of short-term marketable securities with an original maturity greater than 90 days as of March 31, 2011 and June 30, 2011, respectively.

5) Face amount of Senior Notes and Debentures with no reduction for the unamortized discount or fair market value adjustment.



QVC Q2 Results

	<u>Revenue</u>	<u>Adj. OIBDA⁽¹⁾</u>
US	3%	1%
International	<u>18%</u>	<u>13%</u>
Consolidated	8%	4%

- ☒ US: ASP increased 8% and units sold decreased 4%
- ☒ US gross margin increased 18 bps and adjusted OIBDA margin⁽¹⁾ decreased 64 bps
- ☒ US return rate remained relatively stable
- ☒ QVC.com sales increased to 35% of US revenue from 32% in Q2-10
- ☒ Consolidated operating income for QVC increased by 4%

<u>Local Currency</u>	<u>Revenue</u>	<u>Adjusted OIBDA⁽¹⁾</u>	<u>ASP</u>	<u>Units Sold</u>
UK	4%	4%	-1%	5%
Germany	7%	21%	1%	11%
Japan	<u>1%</u>	<u>-2%</u>	<u>-10%</u>	<u>13%</u>
International⁽²⁾	5%	0%	-4%	11%

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

2) Inclusive of adjusted OIBDA losses related to start up operations for QVC Italy. Excluding the costs associated with the QVC Italy start up, international local currency adjusted OIBDA growth would have been 5.8%.



Liberty Starz

Actual results:

(\$ millions)	Revenue	Percent Change	Adjusted OIBDA(1)	Percent Change	Operating Income	Percent Change
Starz, LLC	403	31%	118	10%	112	10%
Corporate and other	-	0%	(1)	75%	(4)	33%
Total Liberty Starz	\$ 403	30%	\$ 117	14%	\$ 108	13%

For discussion purposes⁽²⁾:

(\$ millions)	Revenue	Percent Change	Adjusted OIBDA(1)	Percent Change	Operating Income	Percent Change
Starz	403	5%	118	146%	112	160%

Cash and Liquid Investments

	March 31, 2011	June 30, 2011
Total cash and liquid investments⁽³⁾⁽⁴⁾	1,290	1,231

Attributed Debt (at face)

Total Debt	\$ 81	\$ 42
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- 1) See reconciling schedules (Preliminary Note, Schedule 1, Schedule 2 and Schedule 3) at the end of this presentation.
- 2) Includes results for the legacy Starz Entertainment and the legacy Starz Media businesses for both periods, including the impact of intercompany eliminations. For the quarter ended June 30, 2010 revenue, adjusted OIBDA, and operating income were \$383 million, \$48 million and \$43 million, respectively.
- 3) Includes \$149 million and \$132 million of short-term marketable securities with an original maturity greater than 90 days as of March 31, 2011 and June 30, 2011, respectively, which is reflected in other current assets in Liberty's condensed consolidated balance sheet.
- 4) Includes \$97 million and \$64 million of marketable securities with an original maturity greater than one year as of March 31, 2011 and June 30, 2011, respectively, which is reflected in investments in available-for-sale securities in Liberty's condensed consolidated balance sheet. See reconciling Schedule 3 at the end of this presentation.



Starz, LLC

- ❑ Starz subscribers continue to grow vs. prior year
 - ❑ Subscribers vs. Q2-10
 - ❑ Starz – increased 10%
 - ❑ Encore – increased 3%
- ❑ Signed partnership deal with BBC Worldwide to develop, produce and distribute original content on Starz
- ❑ Continue to execute on original content strategy
 - ❑ 7/8 premiere of *Torchwood: Miracle Day*
 - ❑ *Boss*, starring Kelsey Grammer, premieres 10/21



Liberty Capital

(\$ millions)	Revenue	Percent Change	Adjusted OIBDA(1)	Percent Change	Operating Income	Percent Change
Starz Media	--	-100%	--	-100%	--	-100%
Corporate and other	135	16%	7	240%	(14)	50%
Total Liberty Capital	\$135	-33%	\$ 7	112%	\$ (14)	83%

	March 31, 2011	June 30, 2011
Cash and Public Holdings		
SiriusXM debt and equity ⁽²⁾	4,661	6,055
Live Nation equity ⁽³⁾	362	449
Non-strategic public holdings ⁽⁴⁾	1,336	1,359
Total	\$ 6,359	\$ 7,863
Cash and liquid investments⁽⁵⁾⁽⁶⁾	1,319	1,259
Total	\$ 7,678	\$ 9,122
Attributed Debt		
Bank investment facility	750	750
Total Debt	\$ 750	\$ 750

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 SiriusXM. 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 fair value of Liberty's investment. In accordance with GAAP, Liberty accounts for this investment using the equity method of accounting and includes it in its consolidated balance sheet at its historical carrying value.

4) 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 \$1,125 million and \$1,148 million on March 31, 2011 and June 30, 2011, respectively.

5) Excludes \$590 million and \$638 million of restricted cash on March 31, 2011 and June 30, 2011, respectively, associated with the bank investment facility which is reflected in current restricted cash on Liberty's consolidated balance sheet.

6) Includes \$165 million and \$192 million of short-term marketable securities with an original maturity greater than 90 days as of March 31, 2011 and June 30, 2011, respectively, 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

- Complete split-off of Liberty Capital and Liberty Starz

Liberty Interactive

- QVC
 -  Focus on customers – attract new and grow loyal base
- Continue to grow eCommerce businesses
- Rationalize non-core investments

Liberty Starz

- Continue to execute on original content strategy
- Enhance relationships with existing and new distributors
- Evaluate opportunities for cash and balance sheet management

Liberty Capital

- Rationalize non-core investments
- Deploy/invest excess capital



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, LLC, 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, restructuring and impairment charges and gains on legal settlements 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)	<u>2Q10</u>	<u>3Q10</u>	<u>4Q10</u>	<u>1Q11</u>	<u>2Q11</u>
Liberty Interactive Group					
Adjusted OIBDA	\$ 428	\$ 373	\$ 564	\$ 378	\$ 450
Depreciation and amortization	(139)	(141)	(150)	(149)	(148)
Stock compensation expense	(15)	(12)	(18)	(16)	(14)
Operating Income	<u>\$ 274</u>	<u>\$ 220</u>	<u>\$ 396</u>	<u>\$ 213</u>	<u>\$ 288</u>
Liberty Starz Group					
Adjusted OIBDA	\$ 103	\$ 89	\$ 106	\$ 126	\$ 117
Depreciation and amortization	(4)	(7)	(2)	(5)	(5)
Stock compensation expense	(3)	(5)	(38)	(5)	(4)
Impairment of long-lived assets	--	--	(4)	--	--
Operating Income	<u>\$ 96</u>	<u>\$ 77</u>	<u>\$ 62</u>	<u>\$ 116</u>	<u>\$ 108</u>
Liberty Capital Group					
Adjusted OIBDA	\$ (59)	\$ 25	--	\$ 358	\$ 7
Depreciation and amortization	(21)	(20)	(15)	(16)	(15)
Stock compensation expense	(3)	(8)	(9)	(6)	(6)
Gain on legal settlement	--	--	48	7	--
Operating Income (Loss)	<u>\$ (83)</u>	<u>\$ (3)</u>	<u>\$ 24</u>	<u>\$ 343</u>	<u>\$ (14)</u>

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, 2010, September 30, 2010, December 31, 2010, March 31, 2011 and June 30, 2011, respectively.



Reconciling Schedules (Schedule 1)

(\$ millions)	<u>2Q10</u>	<u>2Q11</u>
Liberty Interactive group	\$ 428	\$ 450
Liberty Starz group	103	117
Liberty Capital group	(59)	7
Consolidated Adjusted OIBDA	<u>\$ 472</u>	<u>\$ 574</u>
 Consolidated segment adjusted OIBDA	 \$ 472	 \$ 574
Stock-based compensation	(21)	(24)
Depreciation and amortization	(164)	(168)
Interest expense	(174)	(110)
Share of earnings of affiliates, net	39	15
Realized and unrealized gains (losses) on financial instruments, net	(81)	143
Gains on dispositions, net	25	--
Other, net	<u>2</u>	<u>29</u>
 Earnings from Continuing Operations Before Income Taxes	 <u>\$ 98</u>	 <u>\$ 459</u>

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, 2010 and 2011, respectively.



Reconciling Schedules (Schedule 2)

(\$ millions)

Liberty Interactive Group	2Q10	3Q10	4Q10	1Q11	2Q11
QVC					
QVC US adjusted OIBDA	303	261	364	260	305
QVC UK adjusted OIBDA	22	25	43	21	26
QVC Germany adjusted OIBDA	30	38	71	49	41
QVC Japan adjusted OIBDA	53	54	69	43	59
QVC Italy adjusted OIBDA	(5)	(9)	(14)	(10)	(13)
QVC International adjusted OIBDA	\$ 100	\$ 108	\$ 169	\$ 103	\$ 113
Total QVC adjusted OIBDA	\$ 403	\$ 369	\$ 533	\$ 363	\$ 418
Depreciation and amortization	(129)	(129)	(136)	(134)	(131)
Stock compensation expense	(4)	(5)	(4)	(4)	(6)
Operating Income	\$ 270	\$ 235	\$ 393	\$ 225	\$ 281
Operating Income					
QVC US	201	159	261	159	204
QVC International	69	76	132	66	77
eCommerce Businesses					
Adjusted OIBDA	\$ 28	\$ 10	\$ 47	\$ 29	\$ 36
Depreciation and amortization	(11)	(12)	(15)	(16)	(16)
Stock compensation expense	(9)	2	(4)	(5)	(1)
Operating Income	\$ 8	--	\$ 28	\$ 8	\$ 19

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 calculated in accordance with GAAP for the three months ended June 30, 2010, September 30, 2010, December 31, 2010, March 31, 2011 and June 30, 2011, respectively.



Reconciling Schedules (Schedule 2)

(\$ millions)

<u>Liberty Starz Group</u>	<u>2Q10</u>	<u>3Q10</u>	<u>4Q10</u>	<u>1Q11</u>	<u>2Q11</u>
Starz, LLC⁽¹⁾ - Actual results					
Adjusted OIBDA	\$ 107	\$ 92	\$ 110	\$ 131	\$ 118
Depreciation and amortization	(4)	(3)	(5)	(5)	(4)
Stock compensation expense	(1)	(2)	(35)	(2)	(2)
Operating Income	\$ 102	\$ 87	\$ 70	\$ 124	\$ 112
Starz⁽²⁾ - For discussion purposes					
Adjusted OIBDA	\$ 48	\$ 83	\$ 110	\$ 131	\$ 118
Depreciation and amortization	(6)	(6)	(5)	(5)	(4)
Stock compensation expense	1	(1)	(35)	(2)	(2)
Operating Income	\$ 43	\$ 76	\$ 70	\$ 124	\$ 112
<u>Liberty Capital Group</u>					
Starz Media⁽³⁾					
Adjusted OIBDA	\$ (54)	\$ (6)	--	--	--
Depreciation and amortization	(2)	(1)	--	--	--
Stock compensation expense	1	--	--	--	--
Operating Loss	\$ (55)	\$ (7)	--	--	--

The information shown above provides a reconciliation for Starz, LLC of adjusted OIBDA to that entity or group's operating income calculated in accordance with GAAP for the three months ended June 30, 2010, September 30, 2010, December 31, 2010, March 31, 2011 and June 30, 2011, respectively.

- 1) Includes Starz Entertainment for all quarters presented and Starz Media for Q4 2010, Q1 2011, and Q2 2011 after the change in attribution of Starz Media from Liberty Capital to Liberty Starz effective September 30, 2010.
- 2) Includes results for the legacy Starz Entertainment and the legacy Starz Media businesses for all periods presented, including the impact of intercompany eliminations.
- 3) Includes Starz Media for Q2 2010 through Q3 2010, until the change in attribution of Starz Media from Liberty Capital to Liberty Starz effective as of September 30, 2010.



Reconciling Schedules (Schedule 3)

<i>(amounts in millions)</i>	<u>3/31/11</u>	<u>6/30/11</u>
Cash and Liquid Investments Attributable to:		
Liberty Interactive group⁽¹⁾	1,350	1,360
Liberty Starz group^{(2) (3)}	1,290	1,231
Liberty Capital group^{(4) (5)}	1,319	1,259
Liberty Consolidated Cash and Liquid Investments	\$ 3,959	\$ 3,850
Less:		
Short-term marketable securities - Liberty Interactive group	\$ 111	\$ 48
Short-term marketable securities - Liberty Starz group	149	132
Long-term marketable securities - Liberty Starz group	97	64
Short-term marketable securities - Liberty Capital group	165	192
Total Liberty Consolidated Cash (GAAP)	\$ 3,437	\$ 3,414
Debt:		
Senior notes and debentures⁽⁶⁾	1,115	1,115
Senior exchangeable debentures⁽⁷⁾	3,096	3,086
QVC senior notes⁽⁶⁾	2,000	2,000
QVC bank credit facility	781	611
Other	53	65
Total Attributed Liberty Interactive Group Debt	\$ 7,045	\$ 6,877
Unamortized discount	(22)	(22)
Fair market value adjustment	(404)	(425)
Total Attributed Liberty Interactive Group Debt (GAAP)	\$ 6,619	\$ 6,430
Other	81	42
Total Attributed Liberty Starz Group Debt (GAAP)	\$ 81	\$ 42
Bank investment facility	750	750
Total Attributed Liberty Capital Group Debt (GAAP)	\$ 750	\$ 750
Consolidated Liberty Debt (GAAP)	\$ 7,450	\$ 7,222

- 1) Includes \$111 million and \$48 million of short-term marketable securities with an original maturity greater than 90 days as of March 31, 2011 and June 30, 2011, respectively.
- 2) Includes \$149 million and \$132 million of short-term marketable securities with an original maturity greater than 90 days as of March 31, 2011 and June 30, 2011, respectively.
- 3) Includes \$97 million and \$64 million of marketable securities with an original maturity greater than one year as of March 31, 2011 and June 30, 2011, respectively, which are reflected in investments in available-for-sale securities in Liberty's condensed consolidated balance sheet.
- 4) Includes \$165 million and \$192 million of short-term marketable securities with an original maturity greater than 90 days as of March 31, 2011 and June 30, 2011, respectively.
- 5) Excludes \$590 million and \$638 million of restricted cash on March 31, 2011 and June 30, 2011, respectively, associated with the bank investment facility which are reflected in current restricted cash on Liberty's consolidated balance sheet.
- 6) Face amount of Senior Notes and Debentures with no reduction for the unamortized discount or fair market value adjustment.
- 7) Face amount of Senior Exchangeable Debentures with no reduction for the fair market value adjustment.