



# Q1-11 Earnings Call

## May 6, 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, the impact of the Japanese tragedies, 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, the ability of QVC Japan to restore to pre-disaster levels, 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 ended March 31, 2011 same period on 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 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 Splitco, 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, 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.

## Participants in a Solicitation

The directors and executive officers of Liberty 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 the directors and executive officers of each of Liberty and the split-off entity and other participants in the proxy solicitation and a description of their respective direct and indirect interests, by security holdings or otherwise, are available in the definitive proxy materials on file with the SEC.



# Highlights

- Liberty Media Corporation
  - Received favorable ruling from Delaware Court of Chancery regarding proposed split-off of Liberty Capital and Liberty Starz
    - Proxy statement declared effective
    - Shareholder vote set for May 23<sup>rd</sup>
- Liberty Interactive
  - Grew consolidated QVC revenue by 4% with particular strength in Germany and UK
    - Excluding effects of new GE Money Bank agreement and Italy launch, adjusted OIBDA<sup>(1)</sup> grew 4% for Q1
    - Operating income decreased 3%
- Liberty Starz
  - Set premiere viewership record for STARZ original series *Camelot*
- Liberty Capital
  - Value of Liberty's stake in SiriusXM increased to \$5.5b as of May 5, 2011

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	1,835	4%	363	-1%	225	-3%
eCommerce businesses	324	21%	29	61%	8	100%
Corporate and other	-	N/A	(14)	-367%	(20)	-11%
<b>Total Liberty Interactive</b>	<b>\$ 2,159</b>	<b>7%</b>	<b>\$ 378</b>	<b>-1%</b>	<b>\$ 213</b>	<b>-2%</b>

QVC excluding the effects of the new GE Money Bank agreement and Italy launch **4%**

	December 31, 2010	March 31, 2011
<u>Cash and Public Holdings</u>		
Expedia <sup>(2)</sup>	1,737	1,569
HSN <sup>(2)</sup>	568	593
Interval Leisure Group and Tree.com <sup>(2)</sup>	294	288
Non Strategic Public Holdings <sup>(3)</sup>	-	1,207
<b>Total</b>	<b>\$ 2,599</b>	<b>\$ 3,657</b>
Cash <sup>(4)</sup>	1,089	1,350
<b>Total</b>	<b>\$ 3,688</b>	<b>\$ 5,007</b>
<u>Attributed Debt (at face)</u>		
Liberty senior notes and debentures <sup>(3) (5)</sup>	3,075	4,211
QVC senior notes	2,000	2,000
QVC bank credit facility and other	864	834
<b>Total Debt</b>	<b>\$ 5,939</b>	<b>\$ 7,045</b>

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. Non strategic public holdings and Liberty senior notes and debentures increased at Liberty Interactive as a result of the TWX Reattribution. See further discussion in the press release.

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

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



# QVC Q1 Results

	<u>Revenue</u>	<u>Adj. OIBDA<sup>(1)</sup></u>
US	3%	0%
International	<u>7%</u>	<u>-2%</u>
<b>Consolidated</b>	<b>4%</b>	<b>-1%</b>

- US: ASP increased 7% and units sold decreased 3%
- US gross margin and adjusted OIBDA margin<sup>(1)</sup> decreased 55 bps and 77 bps, respectively
- US return rate decreased to 18.2%
- QVC.com sales increased to 36% of US revenue from 32% in Q1-10
- Consolidated operating income for QVC decreased by 3%

<u>Local currency</u>	<u>Revenue</u>	<u>Adjusted OIBDA<sup>(1)</sup></u>	<u>ASP</u>	<u>Units Sold</u>
UK	5%	11%	3%	4%
Germany	13%	18%	3%	13%
Japan	<u>-9%</u>	<u>-19%</u>	<u>-6%</u>	<u>-4%</u>
<b>International<sup>(2)</sup></b>	<b>3%</b>	<b>-5%</b>	<b>-1%</b>	<b>7%</b>

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 50 basis points.



# Liberty Starz

(\$ millions)	Revenue	Percent Change	Adjusted OIBDA(1)	Percent Change	Operating Income	Percent Change
Starz, LLC	391	28%	131	24%	124	25%
Corporate and other	1	-50%	(5)	-67%	(8)	-14%
<b>Total Liberty Starz</b>	<b>\$ 392</b>	<b>28%</b>	<b>\$ 126</b>	<b>22%</b>	<b>\$ 116</b>	<b>26%</b>

	December 31, 2010	March 31 2011
<u>Cash and Public Holdings</u>		
Cash and liquid investments <sup>(2) (3)</sup>	1,120	1,290
<b>Total</b>	<b>\$ 1,120</b>	<b>\$ 1,290</b>
 <u>Attributed Debt (at face)</u>		
<b>Total Debt</b>	<b>\$ 105</b>	<b>\$ 81</b>

- 1) See reconciling schedules (Preliminary Note, Schedule 1, Schedule 2 and Schedule 3) at the end of this presentation.
- 2) Includes \$175 million and \$149 million of short-term marketable securities with an original maturity greater than 90 days as of December 31, 2010 and March 31, 2011, respectively, which is reflected in other current assets in Liberty's condensed consolidated balance sheet.
- 3) Includes \$67 million and \$97 million of marketable securities with an original maturity greater than one year as of December 31, 2010 and March 31, 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

- Subscribers grew sequentially and vs. prior year
  - ▣ Subscribers vs. Q1-10
    - Starz – increased 10%
    - Encore – increased 6%
  - ▣ Subscribers vs. Q4-10
    - Starz – increased 3%
    - Encore – increased 1%
- Set a premiere viewership record for STARZ original series *Camelot*
- Announced multi-year agreement with Verizon



# Liberty Capital

(\$ millions)	Revenue	Percent Change	Adjusted OIBDA(1)	Percent Change	Operating Income	Percent Change
Starz Media	--	-100%	--	-100%	--	-100%
Corporate and other	581	2541%	358	1094%	343	662%
<b>Total Liberty Capital</b>	<b>\$581</b>	<b>250%</b>	<b>\$ 358</b>	<b>933%</b>	<b>\$ 343</b>	<b>590%</b>

	December 31, 2010	March 31, 2011
<u>Cash and Public Holdings</u>		
SIRIUS XM debt and equity <sup>(2)</sup>	4,650	4,661
Live Nation debt and equity	389	362
Non-strategic public holdings <sup>(3)(4)</sup>	2,482	1,336
<b>Total</b>	<b>\$ 7,521</b>	<b>\$ 6,359</b>
Cash and liquid investments <sup>(5) (6)</sup>	1,546	1,319
<b>Total</b>	<b>\$ 9,067</b>	<b>\$ 7,678</b>
<u>Attributed Debt (at face)</u>		
3.125% exchangeable senior debentures due 2023	1,138	--
Bank investment facility	750	750
<b>Total Debt</b>	<b>\$ 1,888</b>	<b>\$ 750</b>

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 \$1,219 million and \$1,125 million on December 31, 2010 and March 31, 2011, respectively.

4) Non strategic public holdings and Liberty senior notes and debentures decreased at Liberty Capital as a result of the TWX Reattribution. See further discussion in the press release.

5) Does not include \$503 million and \$590 million of restricted cash on December 31, 2010 and March 31, 2011, respectively, associated with the bank credit facility that is reflected in other long-term assets in Liberty's December 31, 2010 consolidated balance sheet and in current restricted cash at March 31, 2011, respectively.

6) Includes \$334 million and \$165 million of short-term marketable securities with an original maturity greater than 90 days as of December 31, 2010 and March 31, 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
  - ▣ Progress with split-off of Liberty Capital and Liberty Starz
- Liberty Interactive
  - ▣ QVC
    - Focus on customers – attract new and grow loyal base
  - ▣ Rationalize non-core investments
- Liberty Starz
  - ▣ Cost-effectively develop compelling original programming to differentiate and strengthen Starz
  - ▣ 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>1Q10</u>	<u>2Q10</u>	<u>3Q10</u>	<u>4Q10</u>	<u>1Q11</u>
<b>Liberty Interactive Group</b>					
Adjusted OIBDA	\$ 381	\$ 428	\$ 373	\$ 564	\$ 378
Depreciation and amortization	(141)	(139)	(141)	(150)	(149)
Stock compensation expense	(22)	(15)	(12)	(18)	(16)
<b>Operating Income</b>	<b>\$ 218</b>	<b>\$ 274</b>	<b>\$ 220</b>	<b>\$ 396</b>	<b>\$ 213</b>
<b>Liberty Starz Group</b>					
Adjusted OIBDA	\$ 103	\$ 103	\$ 89	\$ 106	\$ 126
Depreciation and amortization	(5)	(4)	(7)	(2)	(5)
Stock compensation expense	(6)	(3)	(5)	(38)	(5)
Impairment of long-lived assets	--	--	--	(4)	--
<b>Operating Income</b>	<b>\$ 92</b>	<b>\$ 96</b>	<b>\$ 77</b>	<b>\$ 62</b>	<b>\$ 116</b>
<b>Liberty Capital Group</b>					
Adjusted OIBDA	\$ (43)	\$ (59)	\$ 25	--	\$ 358
Depreciation and amortization	(16)	(21)	(20)	(15)	(16)
Stock compensation expense	(11)	(3)	(8)	(9)	(6)
Gain on legal settlement	--	--	--	48	7
<b>Operating Income (Loss)</b>	<b>\$ (70)</b>	<b>\$ (83)</b>	<b>\$ (3)</b>	<b>\$ 24</b>	<b>\$ 343</b>

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 December 31, 2009, March 31, 2010, June 30, 2010, September 30, 2010, December 31, 2010 and March 31, 2011, respectively.



# Reconciling Schedules (Schedule 1)

(\$ millions)	<b>1Q10</b>	<b>1Q11</b>
Liberty Interactive group	\$ 381	\$ 378
Liberty Starz group	103	126
Liberty Capital group	(43)	358
<b>Consolidated Adjusted OIBDA</b>	<b>\$ 441</b>	<b>\$ 862</b>
Consolidated segment adjusted OIBDA	\$ 441	\$ 862
Stock-based compensation	(39)	(27)
Depreciation and amortization	(162)	(170)
Legal settlement	--	7
Interest expense	(170)	(117)
Share of earnings of affiliates, net	9	15
Realized and unrealized gain on financial instruments, net	167	43
Gains (losses) on dispositions, net	363	(2)
Other, net	(2)	43
<b>Earnings from Continuing Operations Before Income Taxes</b>	<b>\$ 607</b>	<b>\$ 654</b>

The information shown above provides a reconciliation of adjusted OIBDA to earnings from continuing operations before income taxes for the three months ended March 31, 2010 and 2011, respectively.



# Reconciling Schedules (Schedule 2)

(\$ millions)

<b>Liberty Interactive Group</b>	<b>1Q10</b>	<b>2Q10</b>	<b>3Q10</b>	<b>4Q10</b>	<b>1Q11</b>
<b>QVC</b>					
QVC US adjusted OIBDA	261	303	261	364	260
QVC UK adjusted OIBDA	19	22	25	43	21
QVC Germany adjusted OIBDA	42	30	38	71	49
QVC Japan adjusted OIBDA	48	53	54	69	43
QVC Italy adjusted OIBDA	(4)	(5)	(9)	(14)	(10)
QVC International adjusted OIBDA	\$ 105	\$ 100	\$ 108	\$ 169	\$ 103
Total QVC adjusted OIBDA	\$ 366	\$ 403	\$ 369	\$ 533	\$ 363
Depreciation and amortization	(129)	(129)	(129)	(136)	(134)
Stock compensation expense	(5)	(4)	(5)	(4)	(4)
<b>Operating Income</b>	<b>\$ 232</b>	<b>\$ 270</b>	<b>\$ 235</b>	<b>\$ 393</b>	<b>\$ 225</b>
<b>Operating Income</b>					
QVC US	161	201	159	261	159
QVC International	71	69	76	132	66
<b>eCommerce Businesses</b>					
Adjusted OIBDA	\$ 18	\$ 28	\$ 10	\$ 47	\$ 29
Depreciation and amortization	(10)	(11)	(12)	(15)	(16)
Stock compensation expense	(4)	(9)	2	(4)	(5)
<b>Operating Income</b>	<b>\$ 4</b>	<b>\$ 8</b>	<b>--</b>	<b>\$ 28</b>	<b>\$ 8</b>

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



# Reconciling Schedules (Schedule 2)

(\$ millions)

<b><u>Liberty Starz Group</u></b>	<b><u>1Q10</u></b>	<b><u>2Q10</u></b>	<b><u>3Q10</u></b>	<b><u>4Q10</u></b>	<b><u>1Q11</u></b>
<b>Starz, LLC<sup>(1)</sup></b>					
Adjusted OIBDA	\$ 106	\$ 107	\$ 92	\$ 110	\$ 131
Depreciation and amortization	(4)	(4)	(3)	(5)	(5)
Stock compensation expense	(3)	(1)	(2)	(35)	(2)
<b>Operating Income</b>	<b>\$ 99</b>	<b>\$ 102</b>	<b>\$ 87</b>	<b>\$ 70</b>	<b>\$ 124</b>
<b><u>Liberty Capital Group</u></b>					
<b>Starz Media<sup>(2)</sup></b>					
Adjusted OIBDA	\$ (7)	\$ (54)	\$ (6)	--	--
Depreciation and amortization	(2)	(2)	(1)	--	--
Stock compensation expense	--	1	--	--	--
<b>Operating Loss</b>	<b>\$ (9)</b>	<b>\$ (55)</b>	<b>\$ (7)</b>	<b>--</b>	<b>--</b>

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

- 1) Includes Starz Entertainment for all quarters presented and Starz Media for Q4 2010 and Q1 2011 after the change in attribution of Starz Media from Liberty Capital to Liberty Starz effective September 30, 2010.
- 2) Includes Starz Media for Q1 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)

(amounts in millions)

**Cash and Liquid Investments Attributable to:**

	<u>12/31/10</u>	<u>3/31/11</u>
Liberty Interactive group <sup>(1)</sup>	1,089	1,350
Liberty Starz group <sup>(2) (3)</sup>	1,120	1,290
Liberty Capital group <sup>(4) (5)</sup>	1,546	1,319
<b>Liberty Consolidated Cash and Liquid Investments</b>	<b>\$ 3,755</b>	<b>\$ 3,959</b>
<b>Less:</b>		
Short-term marketable securities - Liberty Interactive group	-	\$ 111
Short-term marketable securities - Liberty Starz group	175	149
Long-term marketable securities - Liberty Starz group	67	97
Short-term marketable securities - Liberty Capital group	334	165
<b>Total Liberty Consolidated Cash (GAAP)</b>	<b>\$ 3,179</b>	<b>\$ 3,437</b>
<b>Debt:</b>		
Senior notes and debentures <sup>(6)</sup>	1,115	1,115
Senior exchangeable debentures <sup>(7)</sup>	1,960	3,096
QVC senior notes <sup>(6)</sup>	2,000	2,000
QVC bank credit facility	785	781
Other	79	53
<b>Total Attributed Liberty Interactive Group Debt</b>	<b>\$ 5,939</b>	<b>\$ 7,045</b>
Unamortized discount	(22)	(22)
Fair market value adjustment	(737)	(404)
<b>Total Attributed Liberty Interactive Group Debt (GAAP)</b>	<b>\$ 5,180</b>	<b>\$ 6,619</b>
Other	105	81
<b>Total Attributed Liberty Starz Group Debt (GAAP)</b>	<b>\$ 105</b>	<b>\$ 81</b>
Senior exchangeable debentures <sup>(7)</sup>	1,138	-
Bank investment facility	750	750
<b>Total Attributed Liberty Capital Group Debt</b>	<b>\$ 1,888</b>	<b>\$ 750</b>
Fair market value adjustment	145	-
<b>Total Attributed Liberty Capital Group Debt (GAAP)</b>	<b>\$ 2,033</b>	<b>\$ 750</b>
<b>Consolidated Liberty Debt (GAAP)</b>	<b>\$ 7,318</b>	<b>\$ 7,450</b>

1) Includes \$111 million of short-term marketable securities with an original maturity greater than 90 days as of March 31, 2011.

2) Includes \$175 million and \$149 million of short-term marketable securities with an original maturity greater than 90 days as of December 31, 2010 and March 31, 2011, respectively.

3) Includes \$67 million and \$97 million of marketable securities with an original maturity greater than one year as of December 31, 2010 and March 31, 2011, respectively, which is reflected in investments in available-for-sale securities in Liberty's condensed consolidated balance sheet.

4) Includes \$334 million and \$165 million of short-term marketable securities with an original maturity greater than 90 days as of December 31, 2010 and March 31, 2011, respectively, which is reflected in other current assets in Liberty's condensed consolidated balance sheet.

5) Excludes \$503 million and \$590 million of restricted cash on December 31, 2010 and March 31, 2011, respectively, associated with the bank credit facility which is reflected in other long-term assets in Liberty's December 31, 2010 consolidated balance sheet and in current restricted cash at March 31, 2011, respectively.

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.