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**Item 2.02. Results Of Operations and Financial Condition**

On May 8, 2008, Liberty Media Corporation (the "Company") issued a press release (the "Press Release") setting forth information, including financial information regarding certain of its privately held assets, which supplements the financial statements and related Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2008, which was filed with the Securities and Exchange Commission (the "SEC") on May 8, 2008. The information included in the Press Release is not meant to serve as a release of financial results of the Company.

This Form 8-K and the Press Release attached hereto as Exhibit 99.1, insofar as they disclose historical information regarding the Company's results of operations or financial condition for the three months ended March 31, 2008, are being furnished to the SEC under Item 2.02 of Form 8-K.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the undersigned hereby certifies that the foregoing information is true and correct.

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**LIBERTY MEDIA REPORTS RECORD FIRST QUARTER FINANCIAL RESULTS**

**Initiates Trading of Liberty Entertainment Tracking Stock and Newly Reclassified  
Liberty Capital Tracking Stock**

**Strong Revenue and Operating Cash Flow Growth at both Liberty Interactive Group and  
Liberty Entertainment Group**

Englewood, Colorado, May 8, 2008—Liberty Media Corporation ("Liberty") (NASDAQ: LINTA/B, LMDIA/B and LCAPA/B) today reported first quarter results for Liberty Interactive Group, Liberty Entertainment Group and Liberty Capital Group. Financial highlights for the quarter included:

- Completed News Corp deal and subsequently issued Liberty Entertainment tracking stock and reclassified Liberty Capital tracking stock.
- Liberty Interactive Group's revenue increased 10% and operating cash flow increased 5%.
- QVC's consolidated revenue increased 5% to \$1.77 billion and operating cash flow increased 3% to \$387 million.
- Liberty Entertainment Group's revenue increased 11% and operating cash flow increased 17%.

"Liberty Media's transformation continues as we focus on building long term shareholder value by bringing a disciplined operating and creative financial approach to managing our assets," stated Liberty President and CEO Greg Maffei. "The first quarter was a period of intense activity for the company. We completed the News Corp transaction, acquiring a major position in the leading satellite company, DIRECTV. Subsequently, we issued the new Liberty Entertainment tracking stock, with our DIRECTV stake and Starz Entertainment as the core attributed assets. Then, in early April, we increased our DIRECTV position by purchasing additional shares in a creative transaction at attractive terms."

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1. Please see page 10 of this press release for the definition of operating cash flow and a discussion of management's use of this performance measure. Schedule 1 to this press release provides a reconciliation of Liberty's consolidated segment operating cash flow for its operating segments to consolidated earnings from continuing operations before income taxes and minority interests. Schedule 2 to this press release provides a reconciliation of the operating cash flow for each privately held entity presented herein to that entity's operating income for the same period, as determined under GAAP.



product revenue increased primarily due to higher than anticipated returns for the fourth quarter of 2007 which was provided for in the first quarter. QVC.com sales as a percentage of domestic sales grew from 23% in the first quarter of 2007 to 24% in the first quarter of 2008. The domestic operating cash flow margin remained constant at 24%.

QVC's international revenue increased 15% in the first quarter to \$589 million due to favorable foreign currency exchange rates, greater sales to existing subscribers in Germany, and subscriber growth in the U.K. and Japan. Excluding the effect of exchange rates, international revenue increased in each of the international markets and 5% overall. International operating cash flow increased 10% in the first quarter from \$96 million to \$106 million. International operating cash flow margins declined 80 basis points primarily due to lower gross margins as a result of lower initial product margin and higher commissions expense as a percentage of net revenue due to new fixed-rate agreements in the U.K. and Japan. Initial product margins were lower in the home and jewelry product categories. Excluding the effect of exchange rates, QVC's international operating cash flow decreased 0.2% in the first quarter.

The U.K. continued to show positive results during the quarter with revenue increasing 11% in local currency on an 11% increase in units shipped. QVC Japan's net revenue increased 4% in local currency during the first quarter 2008, the first increase since the first quarter of 2002.

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**LIBERTY CAPITAL GROUP**—The newly reclassified Liberty Capital tracking stock began trading on March 4<sup>th</sup>. The businesses and assets attributed to Liberty Capital Group are all of Liberty's businesses and assets other than those attributed to the Liberty Interactive Group and Liberty Entertainment Group and include its subsidiaries Starz Media, LLC, TruePosition, Inc., Atlanta National League Baseball Club, Inc. (the owner of the Atlanta Braves), Leisure Arts, Inc., and WFRV and WJMN Television Station, Inc., and its interests in Time Warner, Inc. and Sprint Nextel Corporation.

Liberty Capital Group's revenue increased \$19 million or 26% and operating cash flow deficit increased \$30 million for the quarter. The increase in revenue is primarily due to the acquisitions of the Atlanta Braves baseball club, Leisure Arts and WFRV and WJMN TV stations in 2007. The increase in the operating cash flow deficit is due to marketing costs associated with the release of several Overture films at Starz Media. In addition the Atlanta Braves baseball club, which generally operates at a loss in the first quarter due to the seasonality of its business, contributed to the decrease.

Starz Media followed up the January release of *Mad Money* with the April release of *The Visitor* to wide critical acclaim. *Mad Money* will soon be released on home video and air on Starz' premium channels. Starz' animation and live-action studios continue to produce original and for-hire content to be delivered across the Starz and other distribution channels.

#### **Share Repurchases**

During the quarter, Liberty announced that its Board of Directors authorized the repurchase of up to \$300 million of Liberty Capital common stock. This authorization replaces the prior repurchase authorization of Liberty Capital common stock. There were no share repurchases of Liberty Capital stock during the first quarter of 2008.

#### **NOTES**

Liberty Media Corporation operates and owns interests in a broad range of video and on-line commerce, media, communications and entertainment businesses. Those interests are currently attributed to three tracking stock groups: Liberty Interactive Group, Liberty Entertainment Group and Liberty Capital Group.

As a supplement to Liberty's consolidated statements of operations included in its 10-Q, the following is a presentation of financial information on a stand-alone basis for QVC and Starz Entertainment which have been identified as the principal operating segments of Liberty Interactive and Liberty Entertainment, respectively.

Unless otherwise noted, the foregoing discussion compares financial information for the three months ended March 31, 2008 to the same periods in 2007. Please see page 10 of this press release for the definition of operating cash flow and a discussion of management's use of this performance measure. Schedule 1 to this press release provides a reconciliation of Liberty's consolidated segment operating cash flow for its operating segments to consolidated earnings from continuing operations before income taxes and minority interests. Schedule 2 to this press release provides a reconciliation of the operating cash flow for each privately held entity presented herein to that entity's operating income for the same period, as determined under GAAP. Certain prior period amounts have been reclassified for comparability with the 2008 presentation. Liberty completed the sale of its controlling interests in OpenTV and On Command during 2007, and as such, the financial results of these companies have been excluded from all periods presented.







ongoing military action, including armed conflict in the Middle East and other parts of the world. These forward-looking statements speak only as of the date of this press release. Liberty 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's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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## SUPPLEMENTAL INFORMATION

As a supplement to Liberty's consolidated statements of operations, the following is a presentation of quarterly financial information and operating metrics on a stand-alone basis for the two largest privately held businesses (QVC and Starz Entertainment) owned by or in which Liberty held an interest at March 31, 2008.

Please see below for the definition of operating cash flow (OCF) and Schedule 2 at the end of this document for reconciliations for the applicable periods in 2007 and 2008 of operating cash flow to operating income, as determined under GAAP, for each identified entity.

### QUARTERLY SUMMARY

(amounts in millions)

|                                    | 1Q07     | 2Q07  | 3Q07  | 4Q07  | 1Q08  |
|------------------------------------|----------|-------|-------|-------|-------|
| <b>Liberty Interactive Group</b>   |          |       |       |       |       |
| <b>QVC (100%)</b>                  |          |       |       |       |       |
| Revenue—Domestic                   | \$ 1,174 | 1,184 | 1,174 | 1,676 | 1,176 |
| Revenue—International              | 510      | 509   | 512   | 658   | 589   |
| Revenue—Total                      | \$ 1,684 | 1,693 | 1,686 | 2,334 | 1,765 |
| OCF—Domestic                       | \$ 278   | 292   | 278   | 396   | 281   |
| OCF—International                  | 96       | 91    | 86    | 135   | 106   |
| OCF—Total                          | \$ 374   | 383   | 364   | 531   | 387   |
| Operating Income                   | \$ 243   | 244   | 231   | 396   | 250   |
| Gross Margin—Domestic              | 36.8%    | 37.6% | 36.6% | 35.4% | 36.4% |
| Gross Margin—International         | 37.6%    | 37.5% | 36.7% | 37.3% | 36.8% |
| <b>Liberty Entertainment Group</b> |          |       |       |       |       |
| <b>STARZ ENTERTAINMENT (100%)</b>  |          |       |       |       |       |
| Revenue                            | \$ 265   | 254   | 282   | 265   | 273   |
| OCF                                | \$ 73    | 55    | 88    | 48    | 74    |
| Operating Income                   | \$ 60    | 42    | 78    | 30    | 60    |
| Subscription Units—Starz           | 15.8     | 16.1  | 16.0  | 16.3  | 16.8  |
| Subscription Units—Encore          | 28.2     | 28.4  | 30.3  | 30.7  | 31.4  |

### NON-GAAP FINANCIAL MEASURES

This press release includes a presentation of operating cash flow, which is a non-GAAP financial measure, for each of the privately held entities of Liberty included herein together with a reconciliation of that non-GAAP measure to the privately held entity's operating income, determined under GAAP. Liberty defines operating cash flow as revenue less cost of sales, operating expenses, and selling, general and administrative expenses (excluding stock and other equity-based compensation). Operating cash flow, as defined by Liberty, excludes depreciation and amortization, stock and other equity-based compensation and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP.

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SCHEDULE 2

The following table provides a reconciliation for QVC and Starz Entertainment of operating cash flow to operating income calculated in accordance with GAAP for the three months ended March 31, 2007, June 30, 2007, September 30, 2007, December 31, 2007 and March 31, 2008, respectively.

(amounts in millions)

|                                    | 1Q07          | 2Q07       | 3Q07       | 4Q07       | 1Q08       |
|------------------------------------|---------------|------------|------------|------------|------------|
| <b>Liberty Interactive Group</b>   |               |            |            |            |            |
| <b>QVC (100%)</b>                  |               |            |            |            |            |
| Operating Cash Flow                | \$ 374        | 383        | 364        | 531        | 387        |
| Depreciation and Amortization      | (120)         | (134)      | (129)      | (133)      | (132)      |
| Stock Compensation Expense         | (11)          | (5)        | (4)        | (2)        | (5)        |
| <b>Operating Income</b>            | <b>\$ 243</b> | <b>244</b> | <b>231</b> | <b>396</b> | <b>250</b> |
| <b>Liberty Entertainment Group</b> |               |            |            |            |            |
| <b>STARZ ENTERTAINMENT (100%)</b>  |               |            |            |            |            |
| Operating Cash Flow                | \$ 73         | 55         | 88         | 48         | 74         |
| Depreciation and Amortization      | (6)           | (6)        | (3)        | (6)        | (4)        |
| Stock Compensation Expense         | (7)           | (7)        | (7)        | (12)       | (10)       |
| <b>0</b>                           |               |            |            |            |            |

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