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Starz Entertainment, LLC

Starz Entertainment revenue increased 8% to \$275 million an



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 June 30, 2008 to the same periods in 2007. Please see page 10 of this press release for the definition of adjusted OIBDA 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 adjusted OIBDA 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 adjusted OIBDA 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.

Fair Value of Public Holdings and Derivatives

<i>(amounts in millions and include the value of derivatives)</i>	2008	2007
InterActiveCorp	\$ 1,728	1,605
Expedia(1)	1,515	1,272
GSI Commerce	121	130
Total	3,364	2,997
DIRECTV(1)	11,662	14,073
Total	11,662	14,073
Non Strategic Public Holdings(2)	4,565	4,716
Total	5,000	5,000

- (1) Represents fair value of Liberty's investments in Expedia and DIRECTV. 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.
- (2) Represents Liberty's non-strategic 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 \$751 million and \$682 million at March 31, 2008 and June 30, 2008, respectively.

Cash and Debt

The following presentation is provided to separately identify cash and liquid investments and debt information.

<i>(amounts in millions)</i>	O W s D o D . 22F D	i D2o D . 22F D
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Total Attributed Liberty Interactive Group Cash (GAAP)	\$ 646	731
Total Attributed Liberty Entertainment Group Cash (GAAP)	981	1,029
Total Attributed Liberty Capital Group Cash (GAAP)(1)	2,259	2,116
I t gWD h g DAt i at h Vg DAVs DHS S	dF	dF
E g		
Senior Notes and Debentures(2)	\$ 3,108	3,108
QVC Bank Credit Facility	4,489	4,486
Other	78	78
Less: Unamortized Discount	(14)	(15)
I t gWS gg h g Dh g Di g Wgh DI t IE gDHS S	o	o 0
Senior Exchangeable Debentures(3)	551	551
Liberty derivative borrowing	—	1,993
Other	54	53
I t gWS gg h g Dh g Di g Wgh i gDI t IE g	20	. 04
Less: Fair Market Value Adjustment	(166)	(223)
I t gWS gg h g Dh g Di g Wgh i gDI t IE gDHS S	5 4	. o 5
Senior Exchangeable Debentures(3)	3,442	3,442
Bank Credit Facility	750	750
Other	673	713
I t gWS gg h g Dh g DAWlgWDI t IE g	50F 0	5020
Less: Fair Market Value Adjustment	(963)	(957)
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- (1) Does not include \$643 million and \$542 million of restricted cash on March 31, 2008 and June 30, 2008, respectively, that is reflected in other long-term assets in Liberty's condensed consolidated balance sheet. Please see discussion related to Investment Fund in the footnotes to Liberty's condensed consolidated financial statements included in its most recently filed Form 10-Q.
- (2) Face amount of Senior Notes and Debentures with no reduction for the unamortized discount.
- (3) Face amount of Senior Exchangeable Debentures with no reduction for the fair market value adjustment.

Total attributed Liberty Interactive group cash and liquid investments increased \$85 million compared to March 31, 2008 primarily due to cash flow from QVC operations partially offset by tax sharing payments to Liberty Capital group and interest payments. Total attributed Liberty Interactive group debt remained flat compared to March 31, 2008.

Total attributed Liberty Entertainment group cash and liquid investments increased \$48 million compared to March 31, 2008 primarily due to cash flow from Starz Entertainment operations. Total

order to present investors with the same information that Liberty's management considers in assessing the results of operations and performance of its assets. Please see the attached schedules for a reconciliation of consolidated segment adjusted OIBDA to consolidated earnings from continuing operations before income taxes and minority interest (Schedule 1) and a reconciliation, for QVC and Starz Entertainment, of each identified entity's adjusted OIBDA to its operating income calculated in accordance with GAAP (Schedule 2).

SCHEDULE 1

The following table provides a reconciliation of consolidated segment adjusted OIBDA to earnings from continuing operations before income taxes and minority interest for the three months ended June 30, 2007 and 2008, respectively.

(amounts in millions)	D . 22	D . 22F D
Liberty Interactive Group	\$ 393	410
Liberty Entertainment Group	55	62
Liberty Capital Group	(31)	(40)
At i a t h V g D n i g D V a g E S	5	5 .
Consolidated segment adjusted OIBDA	\$ 417	432
Stock compensation	(18)	(27)
Depreciation and amortization	(172)	(176)
Interest expense	(145)	(187)
Realized and unrealized gains (losses) on financial instruments, net	(251)	(37)
Gains (losses) on disposition of assets, net	629	(1)
Other, net	85	206
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SCHEDULE 2

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

(amounts in millions)	D . 22	D . 22	D 5 2	D . 2F	D . 2F D
h g D i g W g h I t					
A D 22					
Adjusted OIBDA	\$ 383	364	531	387	387
Depreciation and Amortization	(134)	(129)	(133)	(132)	(129)
Stock Compensation Expense	(5)	(4)	(2)	(5)	(5)
G V g i n D i t	. 55	.	4	. 02	. 0
h g D i g W g h I t					
I S C I F U I T C I S U O T U I D 22					
Adjusted OIBDA	\$ 55	88	48	74	68
Depreciation and Amortization	(6)	(3)	(6)	(4)	(5)
Stock Compensation Expense	(7)	(7)	(12)	(10)	(10)
G V g i n D i t	5.	F	2	2	0

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