



Unidentified Audience Member

Can you talk to the honing of the Liberty Starz? You mentioned the home Starz strategy. And one thing, when you look at LEI, why were — well, why was the choice made to take WildBlue and FUN Technologies?

John Malone - Liberty Media Corp. - Chairman

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Yes. We could say something about why it ended up the way it ended up. One reason was that we needed to retain asset value in the Liberty complex because of the leverage in the Liberty complex. So, we couldn't go ahead and make Liberty Entertainment everything and Liberty Entertainment. We had to retain cash and economic value of Starz in order to reassure the bondholders in Liberty that their interests were also being protected.

Second of all, the reason why WildBlue, it specifically did not go into the DIRECTV roll-up is that WildBlue is distributed by both DIRECTV and EchoStar and AT&T and Verizon, and therefore to put it entirely into DIRECTV would probably create a conflict in terms of its partners. And third of all, Liberty Capital continues to have the largest investment in WildBlue through its debt position in WildBlue, and so really, most

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of the iceberg of WildBlue is still in Liberty Capital, even though a little bit of the part showing above the service is over in Liberty Entertainment.

And then finally, I believe the issue about valuations, we really couldn't get enthusiasm at DIRECTV for putting a high enough valuation on Starz at the time to justify moving that asset over. So, we feel very comfortable with the balance that we've struck here. And obviously, the strong financial performance of Starz Entertainment in the last two years, I think justifies our confidence that it's an asset that one would not want to value at a low end of the curve at a low point in history. So, that's how we ended up the way we ended up.

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Sorry, can you follow up on the 615 cash —

John Malone - Liberty Media Corp. - Chairman

Sure.

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— that you have there and what you're thinking of doing with it?

John Malone - Liberty Media Corp. - Chairman

Well, right at the moment, 250 of it has been loaned over for the recapitalization of the QVC. It's the shortest time. I think a two-year credit facility, essentially a bridge loan. And we anticipate that that will get repaid well within the two-year timeframe by Liberty Interactive probably through the sell-down of investment assets. That's — other than that, the stub of — we're calling at Starz —

Greg Maffei - Liberty Media Corp. - President and CEO

Liberty Starz.

John Malone - Liberty Media Corp. - Chairman

Liberty Starz, I think, Liberty Starz is going to be in very strong financial shape. It'll have cash in an unlevered Starz. And how we choose to build that asset I think is a good opportunity for the company.

Greg Maffei - Liberty Media Corp. - President and CEO

So, I'd maybe just add one point, which is Starz Media still remains over in Liberty Capital because it's going in a different mode and then it doesn't have that investment side. One of the challenges of having an asset like Starz Media is the cash flows are variable. As you spend a lot of money on P&A, as you spend a lot of money on production, it may be a very different cycle on terms of reported earnings. It doesn't have the nice stream that Liberty Entertainment has — over the channel rather — Starz channels have.

One of the things we might think about over time is that it gets more stable is transferring that asset, Starz Media, into the Starz channels and putting it Liberty Starz if we can get some confidence in that volatility and where that strategy is going, and that could be use of cash. Other uses of cash could be more investment in content, in other kinds of content and entities. And lastly, to the degree that this entity trades at a price — below what we think fair value is, we're going to have a lot of cash available to do share repurchase if that's what we find attractive.

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