[redacted]

[redacted]

[redacted]

*** Slip Sheet ***

FINAL TRANSCRIPT

Thomson StreetEvents℠

LINTA - Liberty Media Corporation 2006 Investors' Meeting

Event Date/Time: May. 11. 2006 / 9:00AM ET

CORPORATE PARTICIPANTS

John Orr
Liberty Media - VP, IR

Greg Maffei
Liberty Media - President & CEO

Bob Clasen
Starz Entertainment - President & CEO

Rich Cronin
GSN - President & CEO

Lorne Abony
Fun Technologies - CEO

Mark Carleton
Liberty Media - SVP & Chairman, TruePosition

Michael George
QVC - President & CEO

Michael Rubin
GSI Commerce - CEO

Bill Strauss
Provide Commerce - CEO

John Malone
Liberty Media - CEO

CONFERENCE CALL PARTICIPANTS

Bob Peck
Bear Stearns - Analyst

Adam Schwartz
First Manhattan - Analyst

PRESENTATION

John Orr - *Liberty Media - VP, IR*

Good morning. I'm John Orr, Vice President of Investor Relations for Liberty Media, and I want to welcome you all here today.

Before we get started, I'm going to read the highly anticipated 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 financial guidance, business strategies, market potential, future financial performance, new service and product launches and other matters that are not historical fact. 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 issues and continued access to capital on terms acceptable to Liberty Media. 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 Forms 10-Q and 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.

Now briefly I will tell you the agenda for today's event. We're going to start out with Greg Maffei speaking about Liberty Capital, and then we will have several of the affiliates of Liberty Capital present information about their businesses. Bob Clasen will prevent on Starz obviously, Rich Cronin on GSN and Lorne Abony on Fun Technologies. And then we will have Mark Carleton, a Liberty Senior Vice President, talk about some innovations and development in some of the other businesses in Liberty Capital. We will do a brief Q&A on Liberty Capital, and time permitting will have a brief break from 10:45 to 11:00. We make compress that depending on the schedule we are running on. And then Greg will come back out and talk a bit about Liberty Interactive and some of the strategies and the rationale behind Liberty Interactive. We will then have Mike George from QVC present, followed by Michael Rubin from GSI Commerce, Bill Strauss from Provide Commerce, and then we will conclude with some brief statements and a Q&A with Greg and John and the other affiliate management.

So with that said, I would like to introduce Liberty's new President and CEO, Greg Maffei.

Greg Maffei *Liberty Media - President & CEO*

Thank you. Well, good morning. It is a pleasure to get to come and address you in my first investor conference. I'm going to talk briefly through our quarterly results. It is somewhat anti-climatic. Not only did we issue the press release, we have actually already issued the Q before the press release. So a lot of this information is known, and I am going to walk, as I said, very briefly through it because you're going to hear far more interesting and in-depth information from the relevant managers.

But to put a few highlights out, as you saw, overall revenues grew about 9% and operating cash flow was up 13. That was fueled by strength at QVC. While the numbers were sort of at the low-end of our announced guidance, long-term guidance, they were fully within that if you look at domestic revenue and international revenue on a local currency basis. It was not the strongest quarter we have ever had, but it was against very tough comparisons in prior years or prior year rather. The good news is the revenue accelerated through the quarter, and we felt better as a quarter exited than the quarter began.

A couple of other points to make. Even though the environment was difficult and the competition had very tough results, we had solid gains throughout the metrics that we used to analyze the business, and we are overall quite happy with results.

Looking at Starz, the other major operating asset in which we report in the old Liberty Media format, revenues were up 2% on a year-over-year basis. Bob Clasen is going to talk to you more about how we're doing sequentially and how year over year masks a lot of improvement in the business because last year had the impact still of the Comcast contract running off, and by Q4 we really felt that come through. You can see how we're doing with that removed.

A couple of other points to make here is that reduced effect rate was primarily fueled, as I said, by Comcast. The programming costs are moderating, and taking the long-term view, the most exciting things that is happening in the base business are known sequential increases or moderate increases going forward fueled a little bit by growth and by rate increases mostly at CIP numbers and substantial or potentially substantial decreases in film costs and the opportunity to really change the P&L and drive film costs down, partly because the ratecards had dropped and partly because we're able to choose more moderately priced films to fill out our card overall is very interesting.

We continue to invest in Vongo. As many of you know, we launched that at CES to great acclaim. We're still in the beta phase, and we're still continuing to bulk up the programming and make changes in the user interface. But there is a lot of exciting stuff there. Walt Mossberg spoke highly of it, many others did. You are going to hear a lot more from Bob Clasen about it, and I expect you're going to hear a lot more about it in the marketplace over the coming months and years.

Looking overall at our liquidity, we have continued to maintain high liquidity and have obviously a number of large stable positions with which we can generate incremental liquidity. The most notable I guess is the strength in news over the last quarter. I think this morning and based on last night's news we are going to see further strength in news, News Corp., and we will see strength in our position.

Just to remind you, most of you have been unfortunately subjected to hearing this already many times from me. I was on a roadshow for several weeks and saw many of you in the last month or so. We went out to do the tracker with several things in mind.

First, to highlight the strong operations at QVC. To show them in a more transparent fashion and separate out our businesses in a more transparent. To take the complexity that does exist at Liberty and try and focus it over to one side, the Liberty Capital side, and have an operating business with EPS-oriented growth results at Liberty Interactive. I think we're going to see a lot of ability to further define that as we go out.

The discount to NAV was highlighted, and I think that has clearly already been happening and a lot of shareholders of choice. I heard from many shareholders last night who had a view about either Capital or Interctive and where it was going, and I think we have achieved at least in part the goal of offering shareholders choice and hearing where shareholders wish to be and which entity that wish to invest and obviously to unlock value.

The positive news is that since we began and announced that tracker just about six months ago and began trading yesterday, the combined operation is now worth about 881 on a -- if you reassemble the pieces -- and that is up about 10.8% since we announced that we were going to do the tracker. A couple points there. John is quick to tell me it is only because news went up, and all the value of news -- we have done the homework, and it is not actually all news, it is less than half of news. So I think actually offering you choice and trying to reveal some of that transparency is a plus, and I think will see more of that as we go forward.

Secondly, overall media stocks, and this is an S&P Index, which maybe is not a completely fair comparison because it has got quite a lot of newspapers in it by weight, but nonetheless directionally correct that we have outperformed through that period. So I think it has been well-received in that sense, just the tracker process.

If you think about our strategy as we go forward looking at the tracker, we have several challenges both on the Capital side and on the Interactive side and many opportunities.

Now the first one is to take and convert either stakes or positions or businesses, which are not core and not synergistic and have less attractive growth opportunities, sell them in tax efficient manners, divest them in tax efficient manners or swap them out in tax efficient manners and reinvest in businesses that are attractive and which we have synergies most likely. Obviously we have been incubating businesses, and we are going to continue to do that. We have been acquiring businesses, and we are going to talk today about several of them. I am going to highlight a couple in the next few slides, some of the most interesting opportunities we have gone out and done.

One of the things we have liked is we have bought these businesses, and I think you will see some of that exhibited today, the ability to have them be collaborative with other businesses in the portfolio, be synergistic and create value for the benefit of Liberty and its shareholders. You will get an opportunity to hear a little bit about that today.

So Liberty is not necessarily known as a great operator. It has been known more for many other positive characteristics. I think we are going to get a chance today to talk about how many of the businesses that Liberty does often have operated very well and performed very well. I think, as you look going forward and think about how we're continuing to reinvest and move from probably less of a portfolio and more of a portfolio into less of a portfolio mood and -- mode -- that will become increasingly important -- our ability to show that we can operate and grow businesses effectively and efficiently.

And lastly, and this is sort of the overall theme which we have tried to stress, there are many interesting things happening in Liberty's businesses, and there are many innovative creative and exciting things happening in Liberty's businesses. At the core, that is one of the most important elements that we can do to add value -- to have that innovation and allow that creativity. And I think you will see some of that today in some of the businesses that we have, and I think you will see that demonstrated in some of the presentations of prior managers.

Flipping over and just talking for one second about capital, we have many, many, many strong positions and brands. The problem is is that the many is probably a few extra many(s). This year size and complexity of the portfolio makes it difficult for us to get full value. Obviously that was part of the rationale for the tracker. But there are still challenges and opportunities in further rationalizing this portfolio now that it sits apart. Why? Many of the positions in there are probably dead, dead either because we have hedged away downside but also upside, or dead because we are overinvested probably in slower growth media assets, which over the long-term we think can probably find other assets and other businesses which will outperform that.

The first opportunity and first requirement, though, given that this is Liberty is to convert them in some tax efficient manner. We have talked a little bit or you have heard in the marketplace about Section 355 exchanges, which are redemptive transactions which can be done generally. It looks like in today's numbers there is something like a 75% and a 25% operating business swap for our stock in a company. We continue to look for those. That is obviously dependent upon what assets the company in which we hold the stock is willing to sell. Whether we can agree upon an attractive price and whether we want to hold that business for the long-term and believe it can deliver value to our shareholders over the long-term.

Obviously part of the appeal of these is you start out knocking out 75% of any potential tax to be paid, and if you hold that business long enough and you work on other ways, perhaps you can eliminate even more of the tax over time. Obvious candidates include Time Warner, and there has been speculation about assets that Time Warner may want to sell and businesses that we may want to own. But the next on the list would probably be news. There have been similar speculation, not quite as big a drum beat, but similar speculations and similar dialogues. Potentially just by scale, one that we have looked at and one that would be interesting but probably has more challenges, both because of what they have been doing internally with spinoffs and where they are in terms of their asset divestiture program would be Sprint.

I mentioned that we are believers in our ability to find interesting and attractive positions and find interesting and attractive industries and invest in them smartly for the long-term. We have been a long-term investor in TruePosition, a business in the wireless location. This wireless location is built into the network, and you are going to hear a lot more about this today from Mark Carleton.

We recently made an investment in Mobile Streams, led by Sidman Buckingham, a UK-based content management content services company in the mobile space, and together they are working on a new product that will leverage that location-based technology with LBS Services and the Mobile Streams management, talent and knowledge and Connectid and come out with a new product to help you find where your child is, where your potentially impaired senior adult is or your pet is, and you're going to hear lots of things about that.

What stands out for me about this, though, is we are an exciting area, global, one where we have invested for a long time, one where we can bring pieces together in the portfolio and create innovation on that combination, and that is something that we would like to see more of and were encouraging, and I think we have great steps in and I'm excited about.

Another one that would stand out where we went out and bought a business that leveraged some of the things that are already in the portfolio would be where we recently took 51% back in February estate in Fun Technologies, the leader in casual and skill gaming. Skill gaming is an exciting area, a high growth area. Casual gaming is a very exciting area. You're going to hear more today from Lorne Abony about that, but how that fits with GSN, a business in which we have owned 50% of for awhile, The Network for Games and how you can take the video promotion and the audience that GSN has and the great sound that Rich Cronin is doing there as it is accelerating and further integrate it into the Web-based businesses, into mobile businesses in terms of their games area is very exciting and a great example of how we collaborate and bring these businesses together.

So when we think about kind of themes that are out there beside those strategies, one of the ones that obviously Liberty is a believer in is the power of video. You're going to hear a little bit about that today in QVC, but here's another great place where you're going to hear about it, where the video promotion capability, the audience that is out there can be leveraged better on the Web and monetized better on the Web, and that is a theme that we fully believe in. When you think about where the Web is going, it is one of the things we're absolutely committed to, and we think we have a great opportunity in.

Last I am going to talk about innovation, and you're going to hear more about this as well, and I mentioned already, is Vongo. Liberty led by John C. and John Malone in this space had the foresight several years ago to purchase the IP subscription rights with the pay-TV movie rights. We, in many cases, have exclusive rights to run a movie subscription service over the Internet, over any device that connects through IP. The opportunity to give consumers video on the go where they want it, when they want it, providing incremental choice both in device and time is important. There are lots of ways that we think content will be distributed, but fundamentally movies did very well with subscription. We have lots of unique content that will be well valued. We have a great service that I will show you a snapshot of, and Bob Clasen is going to talk about far more. But the opportunity to create this innovation, to leverage our knowledge in a pay-TV space and bring in out into these mobile devices and other devices which connect through IP is very interesting.

We recently announced a deal with AT&T to get distribution on DSL. Today there are relatively few devices for video iPod type devices, but if you look back five years ago, there were relatively few audio iPod devices. Roll forward five years and we think there is likely to be a similar explosion of content that goes onto these mobile devices and video iPod devices. The opportunity to leverage our knowledge in pay-TV, our strength in video and pay-TV, and bring it down into the IP space is very exciting and very innovative. I think you will be excited with that.

So here's a quick snapshot of the Web site. You can go look at that, the data of that at www.Vongo.com. I encourage you to try a subscription because there's many powerful capabilities that have been built just in terms of search, recommendations, personalization, many other things that the Web enabled. If I could finish on a thoughts is that Liberty has got a vast portfolio. Our job as managers I believe is to try and focus it, rationalize it and bring it to bear in the most exciting and interesting opportunities. You're going to hear about some of those today, but I hope that is just the beginning of the many that we have in front of us. Thank you very much.

John Orr - *Liberty Media - VP, IR*

And now please welcome Bob Clasen, President and CEO of Starz Entertainment.

Bob Clasen - *Starz Entertainment - President & CEO*

(Plays video). Good morning. Thank you. We have gotten back on track with subscribers. We're having a great first quarter, great second quarter. It is funny in 15 years the only two years that we have not had outstanding growth have been when we have been in discussions with Comcast. So we are all -- I think Comcast and us are both feeling well that our new deal takes us until 2012. So this is a window to continue to look at new opportunities.

Programming costs have peaked. I will talk a little bit about that. The rebranding, showing you that second piece of the video is a chance to kind of capture that we did not just change the names. We did not just add a new dimension to the graphics. We really changed the channels. We made them very important demographically and thematically. So when you tune to that, you really get a full experience based on what we are trying to accomplish with the targeting that we think is so important as we look to the opportunity to then take that interest and move it to the Internet.

On-demand we are the market leader, frankly. We are not worried about commercials. We have a chance to really reinvent the way in which we think about putting something on-demand and not just starting movies, and I want to share some of that with you as well.

The customers are noticing. We have got a little research to go over with you today, and then Vongo is a phenomenon at the Consumers Electronic Show. It was the hype about the video iPod, it was Microsoft's new DRM, it was Vongo. Based on 18 months of trial product in the marketplace, and we're pretty excited about where that might be headed.

So let's start with first quarter. Against fourth quarter, which is a pretty good comparison, we are up 4.7% in revenue, and just a word about programming costs because Liberty shared some general guidance. We're going to be in the same window as this last year. But the top lines continue to grow, while our programming costs have grown quite dramatically causing the decline in the cash flow.

We are now at that tipping point -- to use one of the current expressions -- where the bonus payments that we made are rolling off the P&L that we made four and ~~five~~ years ago, and we are in a market where, as we go into the marketplace every new year to buy new films, we are the major buyer. So we have an opportunity now to fill out our slate with a la carte products that we buy at quite less than you would have bought them five years ago on typical ratecards. 14.6 million Starz units, over 26 million Encore units. It is important going forward for what this does to the brands as we are now probably in at least 30 million homes on total, and as that grows and more people become familiar with the brand, we think that that also helps us in this new era. We added 500,000 Starz subscribers in the first quarter.

This takes some getting used to. When we made the change in the channels, we had a baseline of cumulatively how many people watched our channels. Now we are a year later, what has happened?

Look at WHAM!. We repositioned it from preteen to teen. Cumulative household usage of that channel is up 82%. Comedy, it replaced kids that had very low household use relative to the way everybody loves comedy. The success is Edge because Edge replaced Starz Theater, which was appointment viewing, at 12:00 and at 2:00 and at 4:00 and at 6:00, there was a movie on. Not very important in an on-demand world. But what we needed was that 18 to 24 male demographic. So as you see a slight cumulative household decline, these are new folks watching the stuff on Edge, and it still our second-rated channel compared to the flagship. So we're feeling like we are headed in the right direction.

These are statistics that any broadcaster or programmer would die for. Our Nielsens on Starz and Encore are up five years in a row, and if we just look at 2003 to 2005, 21%, 13%, this is important to us because last year we continued to grow our Nielsens in the face of our product being very successful on-demand, and I will talk about that in a few minutes. It will be very difficult for broadcasters and programming services, even like us, to grow Nielsens in the classic sense as on-demand, especially if they move toward network-based DVRs and up in a position where you have such a diversity of ways to get the content. But by having our unique on-demand experience and having strong thematic channels that people know when they go to Westerns, that is what they get; when they go to comedy, that is what they get, and taking a look at the attitudes that we're hearing back, we think this is the right positioning to be moving into.

Are they noticing? Almost four out of 10 of our customers say we're getting better. This is based on again a baseline last year, looking at it 12 months later.

The core business. Our initiatives in the core business are to continue to differentiate and strengthen our multiplex channels. We have had a great start. We have opportunities in the interstitial in those four and five and seven minutes between films to drive entertainment product that reinforces why they are on the channel to their either demographic or thematic target. It is a unique on-demand experience. I want to talk about that in just a second.

We have new products in the marketplace. With Comcast last third quarter, we launched Encore On-Demand. That now is one of their anchors. It delivers over 100 movies in addition to Starz On-Demand to their on-demand portfolio into digital tiers, which is where they are trying to move people. So we are now in the marketplace selling that to the other cable companies.

We also launched two new channels -- IndiePlex and RetroPlex -- that moved to genres of films that were not being covered either by us or by others, and they are now being rolled out already to 8 million Comcast customers, and again we are in the market selling them as well. We will continue to exploit our programming rights on-demand, HD and IP. We have shifted spending from media campaigns and direct-mail, which we still do on occasion with affiliates, but to the call centers where people actually buy the product. It has been very successful for us. We are not just handing out T-shirts and hats. We have developed customed software packages for CSRs, affiliate by affiliate to let them learn better skills, not just to help Starz but also for their whole business. We are feeling like we have made a real big inroad in that area.

And then the telco initiatives. Our penetration on the satellite is 50% higher than it is in cable. Our penetration in the telco platform will be higher yet. Because again, we're the johnny come lately. We are a digital only service. So as Verizon is now rolling out, we're very well packaged. And when AT&T starts in San Antonio in the third quarter, you will see we are also very well packaged, and we will expect to have higher penetrations on that platform than on our existing platforms.

Let me just for a second put all this in context. It is reasonably clear. Our linear business with almost 90 million television households having multichannel is pretty mature. Movies are still important. A quarter of all television viewing is still movies, but that is a mature business. On-demand becomes our transition where we are able to premiere our movies first, create an interactive experience, have new features and specials, carve out a different approach and look to our product because not only does it go back and help our core and reinforce what is going on there, but it also gives us experience as we move to broadband where Starz ticket led the Vongo. We believe that is the beginning of the platform that will let us do more things from video streaming to other kinds of genre of on-demand product on the Internet. And finally, into new markets. Mobile phones, colleges, portable devices, even to cars. We're exploring all those kinds of things and also thinking about what is the real content that we want to put on those platforms.

Just a snapshot about on-demand. We have a large affiliate who carries not just Starz On-Demand but Encore On-Demand and MoviePlex On-Demand. In February, based on minutes of use, our services among all of their on-demand services were three, four and five. When you go to on-demand, let's see, do I want to watch the eighth episode of All in the Family or All the President's Men. People tend to drift toward those high-quality, high-profile content that I would like to see that again. It is showing up in the results.

So I have talked a little bit about the on-demand model, premiering things early, new categories. 83% of Starz On-Demand customers are more satisfied with their overall cable service because of the value Starz delivers. 60% of all our usage on-demand are the early premieres when we take The Incredibles and put it two weeks early on-demand before it even comes to us Saturday night linear premiere. So we're very excited about the way we have been innovative and have pushed the affiliates to use their very archaic user interface to be more responsive to the way the consumers have an experience on the Internet and want to see things much differently.

So where do you Vongo? (Shows video).

The response was quite a convergence, and I don't know if we were in the right place at the right time but we certainly had the right product. It is the result of our 18-month experience in the marketplace with tickets and actually having customers for the first time. Because at the television, the customers belong to Comcast and DIRECTV and EchoStar. We have no dialogue with them. But when we were in the retail business and we still are in the retail business now with Vongo, we're in a position to actually have a dialogue with the customers and find out exactly how they want things portrayed. The screen that you saw a little earlier that Greg had up there is a direct result of all of the real-time market research that we were able to do.

Let me just give you a summary here. 9.99 a month, a subscription model, 1000 movies, other videos and concerts, and when we say 1000 titles, it could include three or four different versions of that movie. It could be the director's cut and the widescreen and the unrated cut. So it is a compelling value proposition just on its face.

We are adding pay-per-view. Now the studios are very compartmentalized. The people who sell us the television rights don't sell pay-per-view rights and certainly don't sell electronic downloads. So we're trying to get them all in one room, but we do expect that over the next six or 12 months we will add more pay per view. We already have several studios signed up so that in that window and continuing you can also just order one movie if you want when you get to Vongo.

Next will be electronic downloads. We're discussing that and you may have seen just in the last month several studios have announced that they will be in the electronic download business using the kind of strong DRM systems that we have been championing.

Keep in mind this is also a wholesale product. Our relationship with AT&T that was just announced, and by the way doing a deal with AT&T, we have got 9 million DSL customers, does get the attention of the other film companies and cable companies, and we're in conversation with them as well, leads to a wholesale relationship. While we will continue to have a retail product and we will have a retail product as Vongo that will have many of these other features, we still expect that there will be a very strong wholesale opportunity with our current facilities-based customers, and so we think that that is an opportunity for us as well.

As Greg mentioned, we're still in beta. I think it is this month that we finally go to gold, and we will be in 1.5 by the end of the year of this new service.

As we think about the folks who will wholesale this product for us, you really think about packages. You think about with the cable folks and the telcos doing the triple-play where for high-speed you could put in the subscription product. We need to perform here, but we are the first to market. There is nobody else in the market doing this, whether it is movies or anything of a subscription nature, and that is, of course, so much the mindset of the way the telephone and ng cable companies and the satellite companies, of course, have been thinking with their product.

So we believe that there is a real opportunity. The demo in the back is interesting because for the first time with the new Intel chip that led to Apple Computer's were on Windows, we're also demonstrating it on an Apple machine. We are not announcing a deal with Apple. We're simply saying that now that there's a new Intel chip that goes in a new generation of Apple devices you will be able to get Vongo on those units as well. Kind of a nice little breakthrough for us.

So in this world of choice and control and convenience, I guess the general point I would make is that consumers have felt an independence and a liberation from their experiences on the Internet. Now they are coming back to traditional media and say, well, what can you do for me? How can I get my product the way I am accustomed to getting information and entertainment on the Internet?

I'm here to assure you that we're going to be at the leading-edge of that. That is our opportunity to break out of this mature category while we have a very strong, fine, large business and have a growth curve. That is where we are headed.

And to help us in that, Microsoft, one of our early partners, and we're working with them on other ways that we can participate as they move more into media and video as well. But their DRM and their portable version of the DRM has been very important to us in this early stage.

Sony, and Sony as a technology partner is very interesting because of their PlayStation opportunity and things that we are thinking about that might play with them as they consider how to roll that new product out.

HP and Compaq in June will be on the desktops of all new HP and Compaq computers that are sold. There will be the Vongo V right there and an offer of a free subscription for a period of time. We think that Consumer Electronics partners will be great for us, and we're continuing to work with those who are developing this new generation of portable devices and other PC manufacturers to expand that list just as we turn to the portals and start having conversations with the portals who are in many instances the Googles and the Yahoos frustrated that the rights and subscription for these films are tied up for the next many years by us and presumably HBO. So we think that there is tremendous opportunity to expand our reach by working with established brands who can push this product out.

AT&T, I cannot say enough about how aggressive they have been. Not just for their Lightspeed product and Homezone, but now with DSL, they have got it. Okay. Let's get this straight. You are building out this network. It is going to take years to build it out, but I can give you a product tomorrow that can establish a video relationship with your consumers who have your high-speed product so when you show up to sell them HomeZone or Lightspeed, you have already got that relationship established. They have got it, they move very quickly, and we're very excited about where that relationship is going ahead.

So Sony and Disney are anchor partners, and we have contracts with them that go to 10 and 11. They have options to renew. This would be a buyer's market, frankly, if we needed more content and as we needed to fill out things. But they are great partners. We're excited about their lineup over the next 18 months.

Our Nielsens are strong. We have a story. People are watching us at higher levels in this world of more and more choices. We are still growing. Our rights give us an opportunity to move into these new technologies, whether that just be the Internet or into closed networks, into portability and to mobility. Flexibility in positioning our products, sometimes overlooked. Because we are a creature only of digital and never existed in cable analog, our whole life has been spent figuring out how to move us into tiers and packages that can be featured by our affiliates. That has been so much of why Encore, for example, has moved to almost 30 million homes. And as digital grows, both because the satellites grow, because the telcos come into the market and cable moves at 50% penetration to 60 and 70% -- I think Cablevision just hit 70% digital -- that we're doing very well with them by the way, this is a real opportunity for us.

On-demand helps us. It helps improve the quality of the customer's experience. We see evidence that it is reducing churn. We get this anecdotally from our affiliates. We would love to do it directly, but again they are not our customers. We're going to drive into IP, and we're going to expand the pie. We are learning that from the Vongo customers most of them are not current pay-TV customers. A good portion of them are not even multichannel customers because they are the early adopters who get most of their news and information and now entertainment from the Internet.

So we think we have a great story. We're excited about it. Our future must include our drifting into short form originals that we think will help us in other platforms. I want to just close and show you one of our new releases. Go to the videotape.

(Shows video).

A million downloads of this service, of this particular episode across the cable affiliates that have on-demand. We're building a library of these. They will be coming to you on Vongo pretty soon. Thank you.

John Orr - *Liberty Media - VP, IR*

Thanks, Bob. I will let everybody compose themselves and dry their eyes. And now I would like to introduce Rich Cronin from GSN, The Network for Games.

Rich Cronin - *GSN - President & CEO*

Okay. Good morning. How are we doing out there? The Brokeback Mountain thing got you going. I heard some laughs. That is good. I have got 10 minutes or less to tell the story of GSN, The Network for Games. The network formerly known as Gameshow Network. So I'm going to take you back five years ago before Brokeback Mountain, before bird flu, before Desperate Housewives -- remember, simpler times -- that was when Liberty bought 50% of Gameshow Network from Sony, and the idea was to change it from this classic Gameshow Network, all the great old gameshow classics, to an interactive network that owns games the way that MTV owns music or the way that Nickelodeon owns kids. We wanted to own that position on television.

Since I spent 14 years at MTV Network, mostly as head of marketing at Nickelodeon and the founder and first President of TV Land, I knew something about branded entertainment. I knew what we had to do was evolve gameshow networks, to expand the brand and to grow distribution.

But the big idea, the thing they gave us much more potential than other networks out there is that we are a games network. So the big idea was to have great interactive clout.

So naturally as a games network, this was part of our DNA. If you go back to the '50s, people with the early gameshows were shouting out answers at their TV set. Today the people with Deal or No Deal are shouting things out. You like to feel smarter than the person on TV.

So what we did was formalize this natural activity of interacting by shouting and allow people to really compete, viewers to compete at home, to be able to get points, to get prices, to be on a leaderboard. People love to see their names on a leaderboard. And to even win a way to be a live contestant on TV.

So my first move at Gameshow Network was to make all of our classic gameshows interactive. We did this through a sync and broadcast technology. You go to GSN.com, register and play along with any game anytime. If you have not done this, you should give it a try. It is very easy, and it is a lot of fun.

So GSN was the first network to make our entire lineup interactive, and we now have over 10,000 hours of interactive programming. We are, in fact, the only network that allows you to play along with poker and blackjack. It is not gambling. You are not betting at all, but it's like a frequent viewer program. The more you play, the more points you get, and then those points allow you to get discounts on Sony merchandise through our GSN rewards program.

So with all this great interactive programming, with our marketing and with our great innovations, we are now the number one midsize network. Networks between 50 and 65 million homes. We're the highest rated in primetime, highest rated in total day. We just hit 60 million homes, and we have over 4 million registered interactive game players. These people not only play along with our show, but when it comes to a commercial, they will stick around and answer question for the commercials. Because we have dozens of advertisers who work with us who have their commercials encoded for interactivity. In fact, we have 80% of the people that play along with our games will stick around and play along with the commercials, so the advertisers love that.

So we've got the Two-Screen iTV, which is across the country, which is doing very well, and you soon will be seeing one screen, GSNi interactivity which allows you to play along with your remote control. Which is so natural and easy, we think that is going to take off across the country.

When we changed the name from Gameshow Network to GSN, we built on our gameshow base. We still have gameshows, but we built on that with a variety of game related programming that includes reality shows and casino shows. We have created through our casino shows one of those things you'll see on the tape soon is growth periods of blackjack which we license to casinos across the country. They do local tournaments, and the winners get a chance to be on TV.

We also work with our Liberty cousins at Fun Technologies, and Lorne will be up here in a second, to create online versions of our games, and we've had great success with that. Then just last month we had another innovation. We're the first network in America to launch live participation TV in a block that we call Playmania. This is something where viewers at home can text in for $0.99. They get a chance to answer questions and win cash from their living room. Again, not gambling because they will get a free practice game for $0.99 or they can enter for free, but it's a new way for people to interact.

So let's take a look now at a video of the innovative, interactive, incredibly fun GSN, The Network for Games.

(Shows video).

So the GSN experience is simple watch, play and win, and it is really working for us. So as we grow and as we reinforce our ownership of that position of games on TV, we think there is great potential in working with Fun Technologies for more online games.

You saw something about the Lingo league. Actually when we first put the Lingo game online, we found out that our fans were creating their own league, and we contacted them, they thought we were going to shut them down, but instead we said no, no, this is great. Because you are so into it, you have got your own league, so we're able to organize it. We provided prizes. We developed that into cash games and into a tournament where people had a chance to be on the Lingo gameshow, and everybody wants to be on TV so it is a natural.

So now we are building with Fun Technologies so that all of our future TV games can become online games, and together we are launching the first-ever World Wide Web game, which Lorne will tell you a little bit more about, but it is the first-ever televised online games tournament. Fun Technologies is going to play with hundreds of people from around the world who have won tournaments this fall to compete for $1 million and to be on a major TV event on GSN, which will air in December.

So when you think of all the potential in the games category and you think of the fact that we are the network for games -- you know in America there is no other games network -- G4 has changed into some kind of a Spike wannabe network. We have a network that can own the position of games on TV. We own it now. It is going to get bigger. If you think of all the potential in the games category on television, online, mobile, console, casino games, etc., imagine how it can be driven by the number one network for games and the clear winner in interactivity which is GSN.

So now it is time for me to introduce my new partner in games, the CEO of Fun Technologies, Lorne Abony. Lorne?

Lorne Abony - *Fun Technologies - CEO*

Welcome, everybody. Welcome to Fun Technologies. I am Lorne Abony, the CEO of Fun. As Greg mentioned earlier, we are the newest member of the Liberty family. In November of last year, Liberty announced they would be taking a control interest in Fun, and that deal closed in March of this year. Fun is an online company that is focused in the online casual gaming sector. We're really focused in two areas. We're focused in the skilled gaming sector, and we're focused in the (technical difficulty)-- sector.

Fun is serious business. However, we have experienced very close (technical difficulty)-- since our acceptance, over 1200% year-over-year revenue growth, 428% EBITDA growth last year, and we have grown to just over 16 million registered customers. We remain a public company, still listed on the Toronto Stock Exchange and on the AIM market in London.

We are effectively the right label provider for some of the largest brands and names on the Internet, including AOL, Disney, GSN, MSN, etc. We have the largest selection of games in our category with almost 80 games, and our games really break down into four discrete areas. Skill games can be divided into the areas of arcade games, games such as Zuma and Bejeweled; card and tile games, games such as Mahjong and Solitaire; word and trivia games, games such as Bookworm and Lingo that we have done so well with GSN, and Multiplayer games such as chess, checkers, backgammon and the like.

We take advantage of a pool of liquidity mobile. In other words, all of our customers pool into the same network and place against one another. So if you enter through AOL or you enter through MSN, you are effectively playing against one another in a pooled environment either head-to-head or in a tournament.

A user demographic is very interesting. The folks at Liberty (indiscernible) QVC demographic, but our demographic is about two-thirds female right now. We call them solitaire moms or desperate housewives, and their ages range from about 25 to 50. And as Rich mentioned, we have partnered with GSN in the World Wide Web Games Championship, and the analog there is that World World Series of Poker. We feel that once we're able to offer both large cash prices such as $1 million, that will be effectively a large tipping point for sector. As I mentioned earlier, we power a lot of the larger Internet sites on the Web for games. We have over 150 distribution partners.

What we have done with GSN I think it is very innovative. And secondly, what we do is we develop online versions of their television shows. So Lingo is a good example. We did an online version of Lingo that effectively replicated the television show, and what folks could do is play online in real-time for cash and prizes. So, as you saw, Chuck Woolery would say, play online in real-time. It was pretty groundbreaking when it launched. I think very groundbreaking for GSN. What they realized that it was incremental revenue from the Internet. It did not cannibalize any of their business. They did not have to invest in new technologies, and it increased their viewership.

So we see that as an opportunity that goes very deep in our relationship with GSN and well beyond that. That is something we are aggressively working on.

The other part of our business is what I call our Fun Sports business. Most folks here would know it as our fantasy business, and we are the leading pure play fantasy provider, and pure play meaning we own the sports information, as well as the front end. We're the exclusive fantasy provider to AOL, to NASCAR, to PGA, and we recently signed a deal with BSkyB. An area that you'll see Fun focus on in the next 12 months is the international opportunity. Fantasy represents a tremendous opportunity on an international scale.

We have about 3.6 billion unique registrations in our fantasy business, and our demographic is the anti-QVC demographic -- about 95% male, about 25 to 50-years-old, high average annual income, high discretionary spending, etc.

Our casual business gets a lot of attention, but today our fantasy business represents two-thirds of our revenue. It is still -- most analysts expect that it will still grow (inaudible) to 100% this year. So fantasy represents a very significant growth opportunity for Fun, as well as the (inaudible) casual (inaudible).

It is tough to tell the whole company story in seven minutes, but in the next 12 months, we see a large opportunity internationally. We've done a great job building our business in North America, but we see large untapped markets in continental Europe, the UK and Asia, and we are aggressively building our franchise there.

We also see large markets in other distribution channels. The majority of our -- almost all of our 16 million registered customers are Web customers. We think our games play as well if not better on mobile devices and on iTV, and we will be aggressively moving into those areas in the next little bit. Branded games we also see a scenario for growth for Scrabble, Monopoly, Trivial Pursuit of the world are areas where we see large growth, and the World Wide Web games is an area that we are very focused on.

So, in short, we are a market leader in what we think is a very exciting sector. It is growing rapidly. We will continue to grow our business aggressively, and we look very forward to the future. Thank you.

John Orr - *Liberty Media - VP, IR*

Thanks, Lorne and Rich. And now I would like to introduce Mark Carleton, Senior Vice President of Liberty Media, and he is going to talk a bit about some other innovations and developments and some of our other businesses within Liberty Capital.

Mark Carleton - *Liberty Media - SVP & Chairman, TruePosition*

I work with many of our developing businesses, primarily on the technology and communication side. Now while we operate several extremely large developed businesses, growing and innovating and developing smaller businesses has been a part of Liberty for many many years. As you heard from Greg earlier, it will be part of Liberty Capital going forward.

I want to focus on just a few of those assets today. I will speak about each of these in a little bit more detail. They include TruePosition where our ownership is about 90%. TruePosition provides wireless location-based technology and services, to date mostly in response to the wireless 911 requirement, but in the future with commercial and consumer location-based services.

WildBlue, which is delivering high-speed broadband services to rural markets by satellite. We own 32% of WildBlue and are working with our primary partners, Intelsat and the NRTC.

CURRENT Communications building and operating broadband over power line networks, inventing, developing and delivering broadband services, market solutions and applications for electric utilities. We indirectly own under 20% interest in CURRENT through our interest in the Liberty Associated partnership.

1-800-FREE-411 is a really cool company. It is an ad supported nationwide directory assistance service. It was launched back in 2005, and this company is really rocketing.

And lastly, Mobile Streams. It is a mobile content provider, flat form platform provider. Greg touched on it. We own around 19% of this company, and we have warrants to purchase another 5%.

So let's start with TruePosition. It is a company with really a solid foundation and we think excellent growth prospects. In the mid-90s in response to the 911 mandate, TruePosition invented and patented a network location solution called Time Difference of Arrival. Really what that does is it triangulates the phone signal among all the cell sites and determines the location of that phone. We're continuing to develop and innovate that technology, next generation networking services.

Through 2005, we have location enabled over 51,000 cellsites and generated over 650 million of billings for that equipment. There really are some clear technological advantages to this technology. First, it provides much higher accuracy and ubiquity than GPS. One of the big challenges for location-based services has been accuracy. The satellite solutions on top of a mountain work quite well, but in urban canyons here in Manhattan and airports and shopping malls, the satellite solutions are not very accurate and not very reliable. There is no requirement in our network for any kind of chipsets on the phone. No AGPS chipsets. So once the network is in place, the cost is significantly lower. The technology can locate any phone on the network, whether someone is talking on the phone or whether it is addressed. As long as the phone is turned on, we can find it, and the capability of the phone cannot be disabled by the user. You know as the father of a young girl, I very much like that concept, that she cannot disconnect the location capabilities in that device.

We see continued opportunities in TV through network expansion with our existing customers, Tier II and Tier III carriers, both in the 911 space and in location-based services. We're having ongoing discussions with a number of international carriers, and that is really our largest growth opportunity going forward, especially in some of the Third World countries where some of the citizens may have fewer civil rights than other places. And with the size of our domestic location footprint, we really have a tremendous opportunity for location-based services.

Now I don't know how well you can see that map, the blue shaded area of that map reflects our completed deployments and those that were scheduled to be done. Through that blue shaded area, we cover about 70% of the tops in the United States, a pretty significant footprint. The pink shaded area represents the network footprint of our existing carrier customers, so we look at that as an opportunity for us and perhaps not as much in Wyoming and Idaho but in the rest of the country pretty well. We think the ubiquity of this network really helps us as we start to deploy location-based services. We are chasing through TP subsidiaries and Connectid that Greg chatted about a little bit earlier. Well

When We first got into TruePosition many many years ago, it was because of location-based services. We have been very bullish in this space for years, and we are just now beginning to see the services deployed. As I said, part of the delay was a lack of accuracy. Without high accuracy and without ubiquity, location-based services just are not that hot. They are not that much desired.

I think in short order every mobile device will be location capable, and we will begin to see a flood of applications and services with a location foundation underlying them. The CDMA carriers, Sprint and Verizon, are beginning to market services. We are seeing a number of unique kind of location-based devices using GPS and other satellite technology. We believe that a device that includes AGPS enhanced cell ID and our TDOA technology will deliver higher accuracy and more ubiquity than any device or any network that is out there. It is a great combination.

We're having significant discussions with domestic and international carriers about venturing on services and launching it, and we think it's a big opportunity for TruePosition and Connectid. The time is finally here for location.

Now the next thing I want to talk about is WildBlue, which is really starting to make things happen. We have been involved with this company since its inception. It is high-speed broadband delivered by two-way AAA band satellite. The first satellite was launched in 2004. We started our operations part through 2005. We currently conserve customers ubiquitously throughout the United States. There are 14 million homes and small businesses without access to broadband in America. Eight million of those people are currently dial-up customers. We think this will be a real large market for years to come.

We know from a number of the large telcos that 20% of their customers, 20%, are unlikely to ever have DSL. So that is 20% of their footprint that will not ever get DSL out to those customers, and every one of those customers is right in WildBlue's sweet spot.

Now the price points for the service runs from 49.95 for a five (indiscernible) service to 79.95 a month for 1.5 megabit service and a solid price under $300. We think those prices will drop significantly in coming years as our volumes increased.

We have a national distribution agreement with the NRTC. We are marketing the service through their members. We significantly ramped up our retail presence just in recent times with master agents and dealers. Today we have over 1200 representatives out marketing the WildBlue service across the country.

We are heavily in discussions on distribution agreements with both U.S. DBS providers, EchoStar and DIRECTV, and one cool thing is our dish is interoperable with either of them. With one dish and one pull, you can get DIRECTV and WildBlue or EchoStar and WildBlue.

We just announced last week a distribution agreement with AT&T where they will begin marketing this service later this month. In fact, Ed Whiteacre on Monday spoke about WildBlue as part of his announcement of AT&T's "Broadband Everywhere" initiative. The AT&T guys are nothing if not thorough already had a marketing campaign set up for WildBlue. If you look in the lower left, it is positioned as satellite-based broadband Internet access powered by WildBlue. It will be sold under the AT&T name. Really really quite a coup in that regard. Great agreement for us and really continues our momentum.

So how is the business doing? The business is doing great. Each of those green dots represents an active modem on the network. As of today, we have over 50,000 customers. We're adding 350 to 400 customers a day. Based on the public information that we have, we think we are adding more customers each month than our main competitor who has been in this business for many many years. Our churn has been low. The service levels have been high. Customer satisfaction has been over 94%, and we recently received the Goldstar customer service award from Broadband Reports. We're the only satellite broadband provider ever to get that rating.

So where do we go next? First, we will continue to expand the distribution and presence. We have done very little marketing to date. A lot of this has been word-of-mouth and pent-up demand. The NRTC and our retail distribution at AT&T are really a good start, and we need to continue to drive WildBlue's presence. We are planning to launch our second satellite, WildBlue-1 on (indiscernible) rocket in November of this year. On our first satellite, (indiscernible) 2, we can about 225,000 customers and be able to put about 500,000 customers up on WildBlue-1, and we will start thinking about our third satellite this fall. All in all pretty darn good story at WildBlue.

Another company that is really making great progress is Current. Through our Liberty Associated Partners agreement, we helped found Current back in 2000 to create, develop and drive broadband over power line. We have been hearing about broadband over power line for a long time. I think we are at the stage know where there is actually a real business and real network and real customers.

The network today is truly plug-and-play. These networks are extremely high-speed. They are symmetrical. It is high-speed in both directions. Very robust for all the applications. Today we can deliver up to 6 megabits speed, and within a month or two, we will delivering 10 megabits speeds both ways. Very powerful service and the development and the innovation of this technology continues.

The network is up and operating today in Cincinnati. We pass about 50,000 homes there. Very high level of customer satisfaction. As we recently announced, this network will be deployed much more broadly in the near future.

So let me touch on this TXU agreement that we announced. TXU is the largest utility company in Texas. We announced a major transaction with them in December of 2005. Really two parts to this agreement. First is a services agreement where we will provide our smart Grid suite of services, automated meter reading, outage detection, network monitoring, connectivity services, etc. at the start. Now this is a 10-year $150 million contract, a significant piece of business.

The really cool thing about these networks is that the payback from the Smart Grid services alone are enough to justify the business investment in the network, and the broadband connectivity piece of it really is a tall option on top of that. So we have a broadband services agreement with TXU. We will build out and operate the DPL network for all their and business and residential customers, offering a full triple-play of services to them.

This agreement really was a significant milestone for the company. Certainly all the current folks can tell you that dealing with the electric utilities is very challenging and very time-consuming. But really this is just the beginning not an end.

We recently also completed $130 million financing to help with the buildout of the TXU network and continue to have numbers of conversations with other utilities both domestic and international about deploying these networks. So broadband over power line is real, and it is here now, and I think you'll hear more and more about it.

Now one company I wanted to touch on is part of Liberty Associated Partners, and this is really cool company, Jingle Network, which operates 1-800-FREE-411. One of the reasons that we got in this partnership with our friends at the Associated group was to identify and invest in early staged companies, be involved in developing, growing them, and Jingle Network is certainly one of these.

The directory assistance business is a huge business. It is a almost $9.5 billion a year business in directory assistance. The models these guys are applying is pretty simple. In exchange for listening to an advertisement, your directory assistance call is free. They really adapted the Google AdSense model for the telephone. Liberty Associated Partners owns about 25% of this business, and their business is exploding. These guys have done no advertising, none, and already they have 2, almost 3% market share nationwide. Last week they filled in 2.5 million calls last week, and that number continues to grow. So this is not a huge company yet, but it is certainly kind of an innovative idea, and I think it exemplifies the kind of businesses we invest in and the things we try to grow. Very cool concept.

And last, I want to talk about Mobile Streams. Greg chatted about this a little bit this morning. They are a mobile content licensor, an aggregator, mobile media platform provider, wireless carrier and content owner, a relationship with over 100 carriers across the world right in the middle of a fast-growing dynamic marketplace. We made a small investment in advance of their IPO on the AIM Exchange in the UK, and we have got a couple of things.

First, we got an entrepreneurial run business that is growing fast. And second, we got really an innovative management team. They were very early into ring tones and wallpapers many years ago, and two years ago that team identified that the polyphonic ringtone business was going to struggle, and the truetone business was going to begin to wan, and video was where the solution was. And they started making moves into video a year and a half or two years ago, and I'm sure all of you can recall what happened to some of our domestic mobile content providers about a year ago at this time when they were surprised at the drop in polys and the move to (inaudible).

They have significant expertise in mobile media, which is a space we really have an interest in given all the content that we own, build and control through Liberty entities.

In addition to growing their business, they are involved with many of the Liberty entities and helping to mobilize existing content, get the content we already have and own on the mobile phone. Strategizing on mobile content plans with us and with our affiliates, opening doors with carriers and other content owners, looking at potential transactions with us and driving the Connectid location-based services activities long with the folks at TP. So not a great -- not a significantly large investment in Liberty from a dollar standpoint, but certainly one we can leverage and drive synergies through. Nice business.

Now, as I said at the outset, we have been building and developing businesses for many many years, and we will continue doing that inside Liberty Capital. We talked about just a few of those assets today, and I look forward to the continuing development of these businesses and several new ones in the future. Thank you for your time.

John Orr - *Liberty Media - VP, IR*

That concludes our prepared remarks on Liberty Capital. Now we are going to open it up to a brief Q&A. Greg is going to come back up and take questions, and of course, the affiliate management for Liberty Capital will be available for questions at this time as well. We will take a brief break following this, and then we will start Liberty Interactive.

Greg Maffei - *Liberty Media - President & CEO*

So I just wanted to I guess say a couple of words. We have seen a sampling of some of the interesting and exciting things we're doing inside Liberty Capital. I think a couple of themes come through -- our belief in the power of video and the opportunity to marry the Web businesses and leverage them. You will hear more about that, how we are doing that this afternoon with Interactive. But definitely on the capital side as well, we believe in a future of video on the net and the opportunity to use that as a promotion vehicle for our other Web businesses.

Second, many many opportunities in communication. Lots of things that we're doing is innovative, lots of things that we're doing around communications. And lastly, our belief in the power of digital content to go everywhere, whether it be in on-demand at Starz or whether it be all the way to Vongo. Lots of interesting things happening.

Our challenge obviously talks about converting some of these cases in a tax efficient manner. We have done some interesting investment. Can we put scaled dollars to work if we get liquidity? We had great success doing that at Liberty Media in the '90s and into 2000, partly fueled by the power of TCI. In the absence of that kind of market power, we will find enough opportunities? Will we be able to invest in scale? That is our challenge. I think you have seen some interesting things that we're doing. Can we continue to make the payoff? That is what we believe, and that is what we're here to do.

So with that, I'm going to field questions and please be ready. I'm going to direct them out to it think as much to my compatriots who presented as anything.

QUESTIONS AND ANSWERS

John Orr - *Liberty Media - VP, IR*

Yes?

Unidentified Audience Member

What is the endgame for the assets in Liberty Capital? Is it to grow them at some point as 5 or 10 or 15, much bigger cash flow generating businesses and still have a complicated structure? Or is it to take them, build them and look for ways to monetize them and then use that for your equity shrink?

Greg Maffei - *Liberty Media - President & CEO*

Yes and yes. I think it really depends on a bunch of factors. What opportunities we get to generate capital both because we find transactions that are tax efficient that unlock value and we get liquidity events. It depends what businesses we get back if we do something like 355. It depends on our ability to successfully take innovations and apply incremental capital --GAMESPACE, love it. I think it is a great space. Casual games, highly fragmented, lots of interesting things happening. Could we really put all of our potential News Corp. proceeds to work in games? I doubt it. So it really depends on what you're talking about and what scale you're talking about. Could you do more around digital content? Probably a lot more opportunity to invest smartly.

Could there be whole other businesses that we find along the way that are attractive? Yes, but the first place you're going to look, I think, is areas that fit within the portfolio where we have market knowledge, a toe-hold and in some cases more than a toe-hold and in some places quite interesting businesses, and try and leverage that first and whether they are ultimately treated as venture capital investments and sold, or whether they are ultimately businesses that we grow and scale and potentially spin out on their own. We have done that successfully at Liberty in the past, or whether they are businesses that we retain for the long-term, really that will depend on how big they get, how they would be treated in the marketplace, whether opportunities exist. In the back there.

Unidentified Audience Member

Just as a follow-up to that, I have been to a number of these over the years, and we have heard about how the stock is always trading at a meaningful discount from the values. But we have not seen any meaningful stock repurchase programs, and so if you do these 355 exchanges and we get a lot of cash, can we expect to see some more meaningful stock repurchase programs?

Greg Maffei - *Liberty Media - President & CEO*

I think a couple points there. First, as part of this tracker, we authorized up to $1 billion of repurchase on both Liberty Interactive and Liberty Capital. The board authorized that. That could obviously be increased. We have been somewhat reluctant I think in an entity like Liberty Capital to repurchase in advance of having liquidity.

On the Liberty Interactive side, we have a business which throws off significant amounts of free cash flow, and as it grows, we will add incremental leveragability to opening up more borrowing capacity and potentially more repurchase capability. That is pretty clean, pretty easy and opens it up to systematic cash flow either borrowings or cash flow generated.

On the Liberty Capital side, it is an episodic kind of thing. We have some liquidity today, the potential for more liquidity, but it will be dependent upon as you said getting those 355s done or transactions like that. We're going to monitor and watch -- move over there so you can see behind somebody -- monitor and watch where is the stock price, what is the discount?

We had a thesis I think that the discount would get isolated in different ways. Not sure it is happening exactly as we transpired or suspected it would transpire. But today I think we are over $80 on [LCAP]. How does that compare to the after-tax value? How does it compare to what we realistically might be able to expect? Our ability is to increase the after-tax value through some kind of tax efficient transaction. In a perverse way, if you do these 355s and you imagine that there is a perfect pretax value out there, you know the sort of Nirvana, it is likely you'll have some tax leakage and degradation of that pretax value on a per-share basis. So you may increase the after-tax value on a per-share basis. Theoretically the two will come together.

So we will be watching that, looking at our discount off both of those and thinking about all of that and weighing repurchase as one of the alternatives compared to investing in some of the opportunities you heard today. And again, they are all sort of dependent on do you get the 355s done. Yes?

Unidentified Audience Member

(inaudible) point of view. Could you tell us Liberty's point of view on net neutrality, particularly how it applies to Vongo?

Number two, on the 3411, could you talk about the pay-per-call model, what the price is per call, how that split works with Google? And lastly on WildBlue, could you tell us about the Company's relationship with Charlie Ergen, and do you need a stronger relationship to have WildBlue hit its goals? Thank you.

Greg Maffei - *Liberty Media - President & CEO*

I'm going to touch on briefly one and three, and I'm going to let Bob and Mark touch on one and then two and three. So our net neutrality, the Liberty family has a diverse set of interest. I think in general net neutrality is a word that can mean a lot of different things to a lot of different people. The second floor of the Liberty building we would be in the net neutrality camp. We will define what that means for us. The first floor, which is the Liberty Global guys, they call us the Communists because they are the ones who want to roll out the capital and see their ability to differentiate between service quality.

In general we're very interested in making sure that we have the ability to deliver our content to consumers as cost effectively as possible and provide as much value as possible. So the nuances about what net neutrality means are important, but in general I would say we favor net neutrality on the second floor. Bob, do you want to add anything on that?

Bob Clasen - *Starz Entertainment - President & CEO*

I will say I'm glad you know where the second floor is. Across the street in our building, we don't believe that net neutrality is going to come before the Congress successfully over the next 18 months, and we're keeping our powder dry. We think that there are some reasons to support net neutrality, but we still are new into the space talking with the Microsofts and the Googles on the one-side, the studios on another and then our affiliates on another, and it is, frankly, unclear to us exactly where we might cast whatever weight we have. But, frankly, it is too early for us to kind of go out and say, oh, yes, here we are. (multiple speakers)

Greg Maffei - *Liberty Media - President & CEO*

(multiple speakers) -- of that opportunity. I think we're holding, let's let it stay in abeyance at the moment. So on the last point, you cannot not always want to have a better relationship with someone like Charlie Ergen if you run a service like WildBlue.

I think as in general Liberty has a lot of positive and long-standing personal and corporate relationships with EchoStar and Charlie Ergen and Carl Vogel and his team. So that is very positive, and I think we will be able to hopefully leverage those going forward.

On the other hand, they run their businesses for their benefit first and foremost as you would expect and as they should. Mr. Carleton?

Mark Carleton - *Liberty Media - SVP & Chairman, TruePosition*

On the 1 800 I would be happy to chat with you off line about the business model. It is a pretty simple model. That company is still very small and private. We only have a quarter of it, so they are not disclosing any details on financials. But it is a very accretive little structure that they have got in place.

In terms of the EchoStar and DIRECT discussion, we are having a lot of discussions with them. We think there's a great fit for them and a good chunk of their customers with WildBlue. But getting a deal done with Charlie is always a challenge. They are very tough, and they negotiate very hard, and we think we've got something that is extremely robust and extremely valuable to them. So we send the troops in, and they send the troops in, and we battle and then we come in and pick up the wounded, and then we send some fresh troops in and battle.

So I'm optimistic that we will get something done with them, that I think we will work well for them and for us and the same with DIRECTV. I think for those guys this is a very simple and easy business (technical difficulty)-- and a way for them to grow the ARPU and to grow the cash flows that they really don't have today.

Unidentified Audience Member

Great, thanks.

John Orr - *Liberty Media - VP, IR*

Other questions. Yes, in the back there.

Unidentified Audience Member

Could you just talk a little bit about the Starz renegotiations with the movie studios and when those come up again and how you think your leverage is positioned or how you think about the price you will pay in terms of output deals relative to the historic deals that you cut, and whether going into any more original programming might help you in those negotiations? I know it is something you have shied away from in the past, but your peers are clearly doing more and more of it. Thanks.

Greg Maffei - *Liberty Media - President & CEO*

I will give again a little bit of an overview, and then let Bob fill in the actual details. Clearly you have seen a change in the marketplace, and our relative power has gone up dramatically, partly because as you mentioned on original programming, several of the other potential buyers have shied away from purchasing and have moved more into the original programming world.

We like our relative position on movies. We like the power that we now have relative to studios or at least historically were, so that is very attractive. On the longer-term question about our ability to do original programming, we do some of it today. Bob mentioned the interstitials and things like we're doing like Brokeback Bunny, but there are a few other potentially less inflammatory pieces we could have done. That was one that had something to offend everybody. That is clearly an opportunity that we think about a lot. Because Starz is kind of caught in the middle in some ways, and there are some good characteristics we're doing to differentiate that. But if you don't own the customer relationship, and we're trying obviously with Vongo, and you don't create to content, you really have a potential to get squeezed more. So the longer-term aspect of having both of those things more customer direct customer relationships through Vongo and potentially more content creations are both positive about long-term value I think.

Bob Clasen - *Starz Entertainment - President & CEO*

Specifically our Disney and Sony agreements are up in 2010 and 2011. They need to tell us by the end of '07 what their intention is about renewal, and they can renew on the same general terms and conditions.

We are not guessing what happens. We think there's opportunities on both sides. We are pleased with our relationships with Disney and Sony. If they want to take us until 2013 and 2014, that is fine. If they don't, there is other products welfare. You think about it today you have got half of the Weinstein product and all of Dimension that does not have an output deal. Picturehouse doing great things (indiscernible), ThinkTV, [Yuri Films], Goldwyn. There are 55 high-quality output titles being released by Hollywood that don't have output deals, which is obviously why we can go into the market a la carte when we need to fill a Saturday night premiere with our discretionary part and vie for much less.

A good example would be when we bought the Che Guevera story from Universal. We bought it at, frankly, 20% of what it would have been on the ratecard three years ago. So I think on the studio side, we're not feeling pressure, frankly, one way or another. It is probably more material to Vongo because the question is not that they would not renew at the television, but will they sense that the Vongo rights are perhaps worth more? Maybe if we have a lot of customers, that will be one way to look at it. But we think that there is an opportunity to look at the window on the Internet differently than at the television.

Again, there may be some studio people here. They are trying to move on EST very quickly, but the rest of their business is moving quite slowly. So we need to convince them perhaps that the real opportunity is to look at the Vongo side of the business where there is no analogous broadcast and syndication window that runs for five years between our first and second window in which we have a block against them using our content on prescription subscription.

As an aside, we mentioned EchoStar. Just to remind you, we have a brand-new deal with EchoStar. It did take us a year and a half, but that is typical. Yet it's a very fair deal for both sides, and we expect good growth on that. So our view is there is going to be plenty of product. We are in that window now where our affiliate deals -- we are talking to DIRECTV now -- should be fine.

On originals, just for a second. You know "Movies Make Us" is our theme, but we have been leaking into our demographically targeted product originals. On InBlack we do the B-Side, a 30 minute show. We do First Amendment standup comedy. Frankly, you just can't get enough movies that are important to that demographic to be able to drive it all the time. It is still anchored in primetime by movies. WHAM! runs a video and teen soap block in the afternoon when the kids get home from school. So we started to leak into those areas but keeping through to where we are at right now. My belief would be that much of the content we're going to create in the next two or three years will be specifically designed to play across multiple platforms in mobility, in portability, on the Internet, in on-demand and will appeal because it is short form to those early adopters, giving us then a window as we keep our revenue growing to figure out exactly where we might play in more traditional long form if, as I have said on some panels, I'm not sure in five or seven or 10 years, the sitcoms of today and the reality shows of today will really be what a new generation is now already watching on the Internet.

John Orr - *Liberty Media - VP, IR*

On the right side.