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Liberty Media Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Douglas Mitchelson - Deutsche Bank Securities.

Douglas Mitchelson - Deutsche Bank Securities

Any chance you can give us what the RSNs EBITDA might have been for the full year '08 if you'd owned them the whole year?

Second, I'm curious what you wrote the value of Starz down to? What do you think Starz is worth right now?

And lastly, any chance you can fine-tune the split off timing? You've been saying May June. Are we sort of still on track for that? Any closer on timing would be helpful.

Greg Maffei

I'll handle the second one first, and I'll come back on the first - the second and third, then the first.

Starz, let's be clear. What we wrote down has not any implication per se to what we think the business is worth. There are a strict series of rules and tests which are triggered based on market multiples, projected cash flows and the like which don't necessarily suggest what we think the business is worth. So I'll make that point and I'll let Chris, if he wants to add anything on that, Chris Shean, our Controller, if he wants to add anything, I'll come back to that.

On LMDA timing, we are May - June affirming, and that's about as precise as we think we can be. Obviously, there are factors which are in our control and other ones in which we're relying on estimates of third parties and those seem like reasonable estimates.

Do you want to comment on Starz?

Chris Shean

Yes, and the RSNs as well.

I guess the RSNs sort of on a pro forma basis, EBITDA would be about \$33 million for 2008.

On the Starz thing, the biggest part of the charge actually is the second part of the test. The first part of the test is you compare estimates of fair value of equity to your carrying value of your equity, and

if you fail that test by \$1 then you go to the second part of the test, which is you take that fair value that you just came up with and you do a hypothetical purchase allocation as if you had bought the company at that price. And you go through this purchase allocation. You allocate to all of the assets and liabilities of the company, including intangibles, other intangibles, and in this case all of Starz's legacy intangible balances, affiliation agreements, had been fully amortized through the years, so when you go through this hypothetical exercise and you allocate to these other intangibles, there's very little left over to allocate to goodwill. So then you compare this implied goodwill balance to what you actually have on the books, which in our case was \$1.3 billion, and thus you end up with a very large charge.

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