

IMPORTANT:

INFORMATION STATEMENT TO IRS BY SHAREHOLDERS

Note: Attach to Shareholder's tax return for the year of distribution

Statement of shareholders receiving a distribution of stock in Discovery Holding Company (“DHC”) (a controlled corporation), pursuant to Treasury Regulations Section 1.355-5(b).

1. The undersigned, _____, taxpayer identification number _____, was a shareholder owning shares of Liberty Media Corporation (“LMC”), as of July 21, 2005, that received a distribution of stock in a controlled corporation pursuant to Section 355.
2. The names and addresses of the corporations involved are:

Distributing Corporation:	Liberty Media Corporation 12300 Liberty Boulevard Englewood, CO 80112
Controlled Corporation:	Discovery Holding Company 12300 Liberty Boulevard Englewood, CO 80112
3. _____ shares of DHC’s Series A common stock, par value \$.01 per share, and _____ shares of DHC’s Series B common stock, par value \$.01 per share, were received by the undersigned. The undersigned received one share of DHC’s Series A common stock and one share of DHC’s Series B common stock for each ten shares held of LMC’s Series A common stock and LMC’s Series B common stock, respectively.
4. No shares of LMC’s Series A common stock, par value \$.01 per share, and LMC’s Series B common stock, par value \$.01 per share, were surrendered by the undersigned.
5. By letter dated June 6, 2005, the Internal Revenue Service ruled that the distribution of shares of DHC was a nontaxable Section 355 corporate separation.

Shareholder

INSTRUCTIONS FOR INFORMATION STATEMENT TO IRS BY SHAREHOLDERS

Enclosed with these instructions is a copy of the Information Statement to IRS by Shareholders relating to the spin off of Discovery Holding Company from Liberty Media Corporation. Pursuant to IRS regulations, you should complete and file this form with your U.S. federal income tax return for your taxable year which includes July 21, 2005, the distribution date for the spin off. For calendar year taxpayers, this will be your 2005 tax return. To complete this form, you must fill in (i) your name, (ii) your Taxpayer Identification Number or TIN and (iii) the number of shares of Discovery Holding Company's Series A common stock, par value \$.01 per share, and Series B common stock, par value \$.01 per share, that you received in the spin off. If you have any questions, please contact the Distribution Agent, EquiServe Trust Company, N.A.