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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

/X/	QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
	FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2007
	OR
/ /	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
	FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 000-51990

LIBERTY MEDIA CORPORATION
(Exact name of Registrant as specified in its charter)

STATE OF DELAWARE	84-1288730
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
12300 LIBERTY BOULEVARD ENGLEWOOD, COLORADO	80112
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (720) 875-5400

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer as defined in Rule 12b-2 of the Exchange Act.

Large accelerated filer /X/ Accelerated filer / / Non-accelerated filer / /

Indicate by check mark whether the Registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. Yes / / No /X/

The number of outstanding shares of Liberty Media Corporation's common stock as of April 30, 2007 was:

Liberty Capital Series A common stock 123,018,487 shares;
Liberty Capital Series B common stock 6,003,480 shares;
Liberty Interactive Series A common stock 621,670,949 shares; and
Liberty Interactive Series B common stock 29,965,039 shares.

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	MARCH 31, 2007	DECEMBER 31, 2006
	AMOUNTS IN MILLIONS	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,970	3,107

Trade and other receivables, net	1,178	1,276
Inventory, net	885	831
Program rights	517	531
Financial instruments (note 10)	293	239
Other current assets	121	233
Assets of discontinued operations (note 7)	283	512
Total current assets	6,247	6,729
Investments in available-for-sale securities and other cost investments, including $1,320 million and $1,482 million pledged as collateral for share borrowing arrangements (note 8)	22,237	21,622
Long-term financial instruments (note 10)	1,176	1,340
Investments in affiliates, accounted for using the equity method	1,872	1,842
Property and equipment, at cost	1,614	1,531
Accumulated depreciation	(420)	(385)
	1,194	1,146
Intangible assets not subject to amortization:		
Goodwill (note 9)	7,575	7,588
Trademarks	2,471	2,471
	10,046	10,059
Intangible assets subject to amortization, net	3,810	3,910
Other assets, at cost, net of accumulated amortization	1,041	990
Total assets	$ 47,623	47,638

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

(UNAUDITED)

<Table>
<Caption>

<S>	MARCH 31, 2007 <C>	DECEMBER 31, 2006 <C>
	AMOUNTS IN MILLIONS	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 475	508
Accrued interest	90	214
Other accrued liabilities	913	1,035
Financial instruments (note 10)	1,322	1,484
Current portion of debt (note 11)	179	114
Other current liabilities	78	113
Liabilities of discontinued operations (note 7)	43	101
Total current liabilities	3,100	3,569
Long-term debt (including $4,063 million measured at fair value at March 31, 2007) (note 11)	10,325	8,909
Long-term financial instruments (note 10)	384	1,706
Deferred income tax liabilities	9,798	9,661
Other liabilities	1,382	1,870
Total liabilities	24,989	25,715
Minority interests in equity of subsidiaries	139	290
Stockholders' equity (note 13):		
Preferred stock, $.01 par value. Authorized 50,000,000 shares; no shares issued	--	--
Liberty Capital Series A common stock, $.01 par value. Authorized 400,000,000 shares; issued and outstanding 134,555,981 shares at March 31, 2007 and 134,503,165 shares at December 31, 2006	1	1
Liberty Capital Series B common stock, $.01 par value. Authorized 25,000,000 shares; issued and outstanding 6,003,480 shares at March 31, 2007 and 6,014,680 shares at December 31, 2006	--	--
Liberty Interactive Series A common stock, $.01 par value.		

Authorized 2,000,000,000 shares; issued and outstanding 622,007,367 shares at March 31, 2007 and 623,061,760 shares at December 31, 2006	6	6
Liberty Interactive Series B common stock, $.01 par value. Authorized 125,000,000 shares; issued and outstanding 29,965,039 shares at March 31, 2007 and 29,971,039 shares at December 31, 2006	--	--
Additional paid-in-capital	28,101	28,112
Accumulated other comprehensive earnings, net of taxes	6,234	5,952
Accumulated deficit	(11,847)	(12,438)
Total stockholders' equity	22,495	21,633
Commitments and contingencies (note 14)		
Total liabilities and stockholders' equity	$ 47,623	47,638

</Table>

See accompanying notes to condensed consolidated financial statements.

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

<Table>
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<S>	THREE MONTHS ENDED MARCH 31, 2007 <C>	2006 <C>
	AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS	
Revenue:		
Net retail sales	$1,771	1,608
Communications and programming services	352	293
	2,123	1,901
Operating costs and expenses:		
Cost of sales	1,110	1,000
Operating	384	345
Selling, general and administrative, including stock-based compensation (note 4)	229	191
Depreciation and amortization	151	141
	1,874	1,677
Operating income	249	224
Other income (expense):		
Interest expense	(150)	(148)
Dividend and interest income	75	56
Share of earnings of affiliates, net	9	8
Realized and unrealized gains (losses) on financial instruments, net (note 10)	344	(193)
Gains on dispositions of assets, net	6	24
Other, net	--	4
	284	(249)
Earnings (loss) from continuing operations before income taxes and minority interests	533	(25)
Income tax benefit (expense)	(202)	100
Minority interests in earnings of subsidiaries	(4)	(6)
Earnings from continuing operations	327	69
Earnings (loss) from discontinued operations, net of taxes (note 7)	42	(6)
Cumulative effect of accounting change, net of taxes (note 4)	--	(89)
Net earnings (loss)	$ 369	(26)
Net earnings (loss):		
Liberty Series A and Series B common stock	$ --	(26)
Liberty Capital common stock	278	--

Liberty Interactive common stock	91	--
	$ 369	(26)
Basic and diluted earnings from continuing operations per common share (note 5):		
Liberty Series A and Series B common stock	$ --	.02
Liberty Capital common stock	$ 1.68	--
Liberty Interactive common stock	$ .14	--
Basic and diluted net earnings (loss) per common share (note 5):		
Liberty Series A and Series B common stock	$ --	(.01)
Liberty Capital common stock	$ 1.98	--
Liberty Interactive common stock	$ .14	--

</Table>

See accompanying notes to condensed consolidated financial statements.

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(UNAUDITED)

<Table>
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	THREE MONTHS ENDED MARCH 31,	
	2007	2006
	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
Net earnings (loss)	$369	(26)
Other comprehensive earnings (loss), net of taxes:		
Foreign currency translation adjustments	11	20
Unrealized holding gains arising during the period	275	461
Recognition of previously unrealized gains on available-for-sale securities, net	(4)	(15)
Other comprehensive earnings	282	466
Comprehensive earnings	$651	440
Comprehensive earnings:		
Liberty Series A and Series B common stock	$ --	440
Liberty Capital common stock	531	--
Liberty Interactive common stock	120	--
	$651	440

</Table>

See accompanying notes to condensed consolidated financial statements.

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

<Table>
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	THREE MONTHS ENDED MARCH 31,	
	2007	2006
	AMOUNTS IN MILLIONS (NOTE 6)	
<S>	<C>	<C>
Cash flows from operating activities:		
Net earnings (loss)	$ 369	(26)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		

Loss (earnings) from discontinued operations	(42)	6
Cumulative effect of accounting change	--	89
Depreciation and amortization	151	141
Stock-based compensation	22	30
Payments of stock-based compensation	(20)	--
Noncash interest expense	3	26
Share of earnings of affiliates, net	(9)	(8)
Realized and unrealized losses (gains) on financial instruments, net	(344)	193
Gains on disposition of assets, net	(6)	(24)
Minority interests in earnings of subsidiaries	4	6
Deferred income tax expense (benefit)	164	(148)
Other noncash charges, net	4	11
Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions:		
Current assets	15	2
Payables and other current liabilities	(105)	(250)
Net cash provided by operating activities	206	48
Cash flows from investing activities:		
Cash proceeds from dispositions	121	137
Net proceeds from settlement of derivatives	76	184
Cash paid for acquisitions, net of cash acquired	(6)	(597)
Capital expended for property and equipment	(87)	(45)
Net sales (purchases) of short term investments	(172)	126
Investments in and loans to cost and equity investees	(39)	(120)
Repurchases of subsidiary common stock	--	(29)
Other investing activities, net	13	3
Net cash used by investing activities	(94)	(341)
Cash flows from financing activities:		
Borrowings of debt	131	--
Repayments of debt	(329)	(2)
Repurchases of Liberty common stock	(34)	--
Other financing activities, net	(19)	28
Net cash provided (used) by financing activities	(251)	26
Effect of foreign currency exchange rates on cash	2	3
Net cash provided to discontinued operations:		
Cash provided by operating activities	10	15
Cash used by investing activities	(9)	(14)
Cash used by financing activities	--	(3)
Change in available cash held by discontinued operations	(1)	(3)
Net cash provided to discontinued operations	--	(5)
Net decrease in cash and cash equivalents	(137)	(269)
Cash and cash equivalents at beginning of period	3,107	1,896
Cash and cash equivalents at end of period	$2,970	1,627

</Table>

See accompanying notes to condensed consolidated financial statements.

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(UNAUDITED)

THREE MONTHS ENDED MARCH 31, 2007

<Table>
<Caption>

		COMMON STOCK					
		LIBERTY CAPITAL		LIBERTY INTERACTIVE			
	PREFERRED STOCK	SERIES A	SERIES B	SERIES A	SERIES B	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE EARNINGS
	AMOUNTS IN MILLIONS						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 2007	$ --	1	--	6	--	28,112	5,952
Net earnings	--	--	--	--	--	--	--
Other comprehensive earnings	--	--	--	--	--	--	282

Cumulative effects of accounting changes, net (notes 11 and 12)	--	--	--	--	--	--	--
Issuance of common stock upon exercise of stock options	--	--	--	--	--	12	--
Liberty Interactive Series A stock repurchases	--	--	--		--	(34)	--
Stock compensation	--	--	--	--	--	13	--
Other	--	--	--	--	--	(2)	--
Balance at March 31, 2007	$ --	1	--	6	--	28,101	6,234

<Caption>

<S>	ACCUMULATED DEFICIT <C>	TOTAL STOCKHOLDERS' EQUITY <C>
	AMOUNTS IN MILLIONS	
Balance at January 1, 2007	(12,438)	21,633
Net earnings	369	369
Other comprehensive earnings	--	282
Cumulative effects of accounting changes, net (notes 11 and 12)	222	222
Issuance of common stock upon exercise of stock options	--	12
Liberty Interactive Series A stock repurchases	--	(34)
Stock compensation	--	13
Other	--	(2)
Balance at March 31, 2007	(11,847)	22,495

</Table>

See accompanying notes to condensed consolidated financial statements.

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2007

(UNAUDITED)

(1) Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of Liberty Media Corporation and its controlled subsidiaries (collectively, "Liberty" or the "Company," unless the context otherwise requires). All significant intercompany accounts and transactions have been eliminated in consolidation.

Liberty, through its ownership of interests in subsidiaries and other companies, is primarily engaged in the video and on-line commerce, media, communications and entertainment industries in North America, Europe and Asia.

The accompanying interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for such periods have been included. The results of operations for any interim period are not necessarily indicative of results for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in Liberty's Annual Report on Form 10-K for the year ended December 31, 2006.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Liberty considers (i) the estimate of the fair value of its long-lived assets (including goodwill) and any resulting impairment charges, (ii) its accounting for income taxes, (iii) the fair value of its derivative instruments, (iv) its assessment of other-than-temporary declines in fair value of its investments and (v) its estimates of retail-related adjustments and allowances to be its most significant estimates.

Liberty holds investments that are accounted for using the equity method. Liberty does not control the decision making process or business management practices of these affiliates. Accordingly, Liberty relies on management of these affiliates to provide it with accurate financial information prepared in accordance with GAAP that Liberty uses in the application of the equity method. In addition, Liberty relies on audit reports that are provided by the affiliates' independent auditors on the financial statements of such affiliates. The Company is not aware, however, of any errors in or possible misstatements of the financial information provided by its equity affiliates that would have a material effect on Liberty's condensed consolidated financial statements.

Certain prior period amounts have been reclassified for comparability with the 2007 presentation.

(2) Tracking Stocks

On May 9, 2006, Liberty completed a restructuring (the "Restructuring") pursuant to which the Company was organized as a new holding company and issued two new tracking stocks. In the Restructuring, Liberty became the new publicly traded parent company of Liberty Media LLC ("Old

Liberty"). In the Restructuring, each holder of Old Liberty's common stock received for each share of Old Liberty's Series A common stock held immediately prior to the Restructuring, 0.25 of a share of the Company's Liberty Interactive Series A common stock and 0.05 of a share of the Company's Liberty Capital Series A common stock, and for each share of Old Liberty's Series B common stock held immediately prior to the Restructuring, 0.25 of a share of the Company's Liberty Interactive Series B common stock and 0.05 of a share of the Company's Liberty Capital Series B common stock, in each case, with cash in lieu of any fractional shares. Liberty is the successor reporting company to Old Liberty. Each tracking stock is intended to track and reflect the economic performance of one of two designated groups, the Interactive Group and the Capital Group, respectively.

Tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. While the Interactive Group and the Capital Group have separate collections of businesses, assets and liabilities attributed to them, neither group is a separate legal entity and therefore cannot own assets, issue securities or enter into legally binding agreements. Holders of tracking stocks have no direct claim to the group's stock or assets and are not represented by separate boards of directors. Instead, holders of tracking stock are stockholders of the parent corporation, with a single board of directors and subject to all of the risks and liabilities of the parent corporation.

The term "Interactive Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities which Liberty has attributed to that group. The assets and businesses Liberty has attributed to the Interactive Group are those engaged in video and on-line commerce, and include its interests in QVC, Inc. ("QVC"), Provide Commerce, Inc. ("Provide"), BuySeasons, Inc. ("BuySeasons"), Expedia, Inc. and IAC/InterActiveCorp. The Interactive Group will also include such other businesses, assets and liabilities that Liberty's board of directors may in the future determine to attribute to the Interactive Group, including such other businesses and assets as Liberty may acquire for the Interactive Group. In addition, Liberty has attributed $3,108 million principal amount (as of March 31, 2007) of its existing publicly-traded debt to the Interactive Group.

The term "Capital Group" also does not represent a separate legal entity, rather it represents all of Liberty's businesses, assets and liabilities other than those which have been attributed to the Interactive Group. The assets and businesses attributed to the Capital Group include Liberty's subsidiaries: Starz Entertainment, LLC ("Starz Entertainment"), Starz Media, LLC ("Starz Media"), TruePosition, Inc. ("TruePosition") and FUN Technologies, Inc. ("FUN"); its equity affiliates: GSN, LLC and WildBlue Communications, Inc.; and its interests in News Corporation, Time Warner Inc. and Sprint Nextel Corporation. The Capital Group will also include such other businesses, assets and liabilities that Liberty's board of directors may in the future determine to attribute to the Capital Group, including such other businesses and assets as Liberty may acquire for the Capital Group. In addition, Liberty has attributed $4,482 million principal amount (as of March 31, 2007) of its existing publicly traded debt to the Capital Group.

See Exhibit 99.1 to this Quarterly Report on Form 10-Q for attributed financial information for Liberty's tracking stock groups.

(3) Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157, "FAIR VALUE MEASUREMENTS" ("Statement 157"), which defines fair value, establishes a framework for measuring fair value under GAAP and expands disclosures about fair value measurements. Statement 157 applies to other accounting pronouncements that require or

permit fair value measurements. The new guidance is effective for financial statements issued for fiscal years beginning after November 15, 2007, and for interim periods within those fiscal years. Liberty is currently evaluating the potential impact of the adoption of Statement 157 on its financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "THE FAIR VALUE OPTION FOR FINANCIAL ASSETS AND FINANCIAL LIABILITIES, INCLUDING AN AMENDMENT OF FASB STATEMENT NO. 115" ("Statement 159"). Statement 159 permits entities to choose to measure many financial instruments, such as available-for-sale securities, and certain other items at fair value and to recognize the changes in fair value of such instruments in the entity's statement of operations. Currently under Statement of Financial Accounting Standards No. 115, entities are required to recognize changes in fair value of available-for-sale securities in the balance sheet in accumulated other comprehensive earnings. Statement 159 is effective as of the beginning of an entity's fiscal year that begins after November 15, 2007. Liberty is currently evaluating the potential impacts of Statement 159 on its financial statements and has not made a determination as to which of its financial instruments, if any, it will choose to apply the provisions of Statement 159.

(4) Stock-Based Compensation

The Company has granted to certain of its employees and employees of its subsidiaries options, stock appreciation rights ("SARs") and options with tandem SARs (collectively, "Awards") to purchase shares of Liberty Capital Series A and Series B common stock and Liberty Interactive Series A and Series B common stock. The Awards generally vest over a 4-5 year period and expire 7-10 years from the date of grant. Upon exercise of Awards that are settled in common stock, Liberty issues new shares from its authorized, but unissued shares.

STATEMENT 123R

Liberty accounts for compensation related to Awards granted to its employees pursuant to Statement of Financial Accounting Standards No. 123 (revised 2004), "SHARE-BASED PAYMENTS" ("Statement 123R"). Statement 123R established standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services, primarily focusing on transactions in which an entity obtains employee services. Statement 123R generally requires companies to measure the cost of employee services received in exchange for an award of equity instruments (such as stock options and restricted stock) based on the grant-date fair value of the award, and to recognize that cost over the period during which the employee is required to provide service (usually the vesting period of the award). Statement 123R also requires companies to measure the cost of employee services received in exchange for an award of liability instruments (such as stock appreciation rights that will be settled in cash) based on the current fair value of the award, and to remeasure the fair value of the award at each reporting date.

The Company adopted Statement 123R effective January 1, 2006. In connection with such adoption, the Company recorded an $89 million transition adjustment, net of related income taxes.

The Company has calculated the grant-date fair value for all of its equity classified awards and any subsequent remeasurement of its liability classified awards using the Black-Scholes Model. Prior to 2007, the Company calculated the expected term of the Awards using the methodology included in SEC Staff Accounting Bulletin No. 107. In 2007, the Company estimated the expected term of the Awards based on historical exercise and forfeiture data. The volatility used in the calculation for Awards granted in 2007 is 20.8% for Liberty Interactive Awards and 17.5% for Liberty Capital Awards and is based on the historical volatility of Liberty's stocks and the implied volatility of publicly traded Liberty

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options. The Company uses the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

Included in selling, general and administrative expenses in the accompanying condensed consolidated statements of operations are the following amounts of stock-based compensation (amounts in millions):

<Table>

<S>	<C>
Three months ended:	
March 31, 2007	$22
March 31, 2006	$30

</Table>

As of March 31, 2007, the total compensation cost related to unvested Liberty equity awards was approximately $76 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 2.1 years.

LIBERTY AWARDS

During the three months ended March 31, 2007, Liberty granted 395,953 options to purchase shares of Liberty Capital Series A common stock and 1,993,205 options to purchase shares of Liberty Interactive Series A common stock to certain of its officers and employees and officers and employees of certain subsidiaries. Liberty used the Black-Scholes Model to estimate the grant date fair value of such options. The Liberty Capital Series A options and the Liberty Interactive Series A options granted in 2007 had a weighted average grant-date fair value of $27.71 and $6.58, respectively.

The following tables present the number and weighted average exercise price ("WAEP") of certain options, SARs and options with tandem SARs to purchase Liberty common stock granted to certain officers, employees and directors of the Company.

<Table>
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	LIBERTY CAPITAL SERIES A COMMON STOCK	WAEP	LIBERTY CAPITAL SERIES B COMMON STOCK	WAEP	LIBERTY INTERACTIVE SERIES A COMMON STOCK	WAEP	LIBERTY INTERACTIVE SERIES B COMMON STOCK	WAEP
				NUMBERS OF OPTIONS IN THOUSANDS				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at January 1, 2007	2,318	$ 93.24	1,498	$101.37	21,503	$19.71	7,491	$23.41
Granted	396	$109.27	--		1,993	$23.87	--	
Exercised	(111)	$ 72.53	--		(494)	$18.91	--	
Forfeited	(17)	$279.05	--		(114)	$74.83	--	
Outstanding at March 31, 2007	2,586	$ 94.28	1,498	$101.37	22,888	$19.80	7,491	$23.41
Exercisable at March 31, 2007	1,588	$ 97.22	1,438	$102.03	9,507	$21.26	7,191	$23.56

</Table>

The following table provides additional information about outstanding options to purchase Liberty common stock at March 31, 2007.

<Table>
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	NO. OF OUTSTANDING OPTIONS	WAEP OF OUTSTANDING	WEIGHTED AVERAGE REMAINING	AGGREGATE INTRINSIC VALUE	NO. OF EXERCISABLE OPTIONS	WAEP OF EXERCISABLE	AGGREGATE INTRINSIC VALUE

	(000'S)	OPTIONS	LIFE	(000'S)	(000'S)	OPTIONS	(000'S)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Capital Series A......	2,586	$ 94.28	5.2 years	$47,604	1,588	$ 97.22	$26,669
Capital Series B......	1,498	$101.37	4.2 years	$13,791	1,438	$102.03	$12,286
Interactive Series A...................	22,888	$ 19.80	5.6 years	$98,680	9,507	$ 21.26	$30,678
Interactive Series B...................	7,491	$ 23.41	4.2 years	$ 1,755	7,191	$ 23.56	$ 585

</Table>

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(5) Earnings (Loss) Per Common Share

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented.

LIBERTY SERIES A AND SERIES B COMMON STOCK

The basic EPS calculation is based on 2,801 million weighted average outstanding shares of Liberty common stock for the three months ended March 31, 2006.

The cumulative effect of accounting change per common share for the three months ended March 31, 2006 was a loss of $0.03.

Loss from discontinued operations per common share for the three months ended March 31, 2006 was less than $.01.

LIBERTY CAPITAL COMMON STOCK

Liberty Capital EPS for the three months ended March 31, 2007 was computed by dividing the net earnings attributable to the Capital Group by the weighted average outstanding shares of Liberty Capital common stock for the period (140.5 million). Due to the relative insignificance of the dilutive securities for such period, their inclusion does not impact the EPS amount. Excluded from diluted EPS for the three months ended March 31, 2007 are less than 1 million potential common shares because their inclusion would be anti-dilutive.

Earnings from discontinued operations per common share for the three months ended March 31, 2007 was $.30.

LIBERTY INTERACTIVE COMMON STOCK

Liberty Interactive EPS for the three months ended March 31, 2007 was computed by dividing the net earnings attributable to the Interactive Group by the weighted average outstanding shares of Liberty Interactive common stock for the period (652.1 million). Due to the relative insignificance of the dilutive securities for such period, their inclusion does not impact the EPS amount. Excluded from diluted EPS for the three months ended March 31, 2007 are approximately 9 million potential common shares because their inclusion would be anti-dilutive.

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(6) Supplemental Disclosures to Statements of Cash Flows

CASH PAID FOR ACQUISITIONS

<Table>
<Caption>

	THREE MONTHS ENDED MARCH 31,	
	2007	2006
	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
Cash paid for acquisitions:		
Fair value of assets acquired............................	$ 8	768

Net liabilities assumed	(2)	(48)
Deferred tax liabilities	--	(52)
Minority interest	--	(71)
Cash paid for acquisitions, net of cash acquired	$ 6	597

</Table>

(7) Discontinued Operations

SALE OF OPENTV CORP.

On January 16, 2007, Liberty completed the sale of its controlling interest in OpenTV Corp. ("OPTV") to an unaffiliated third party for cash consideration of $132 million, $20 million of which was deposited in an escrow account to fund potential indemnification claims by the third party made prior to the first anniversary of the closing. Pursuant to an agreement between Liberty and OPTV, $5.4 million of the amount received by Liberty at closing was remitted to OPTV and OPTV will be entitled to 71.4% of any amounts released from the escrow account in the future. Liberty recognized a pre-tax gain of $65 million upon consummation of the sale. Such gain is included in earnings from discontinued operations in the accompanying condensed consolidated statement of operations. OPTV was attributed to the Capital Group.

SALE OF ASCENT ENTERTAINMENT GROUP, INC.

In December 2006, Liberty entered into an agreement with an unaffiliated third party to sell Liberty's 100% ownership interest in Ascent Entertainment Group, Inc. ("AEG") for $332 million in cash and 2.05 million shares of common stock of the buyer valued at approximately $50 million. AEG's primary operating subsidiary is On Command Corporation. Consummation of the transaction occurred on April 4, 2007. Subsequent to the closing, Liberty owns approximately 9.2% of the buyer's outstanding common stock. AEG was attributed to the Capital Group.

The condensed consolidated financial statements and accompanying notes of Liberty have been prepared to reflect OPTV and AEG as discontinued operations. Accordingly, the assets and liabilities, revenue, costs and expenses, and cash flows of OPTV and AEG have been excluded from the respective captions in the accompanying condensed consolidated balance sheets, statements of operations, statements of comprehensive earnings (loss) and statements of cash flows and have been reported under the heading of discontinued operations in such condensed consolidated financial statements.

<Page>

Certain income statement components of OPTV and AEG, which are included in the determination of earnings (loss) from discontinued operations are as follows:

<Table>
<Caption>

	THREE MONTHS ENDED MARCH 31, 2007	2006
	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
Revenue	$59	82
Earnings (loss) before income taxes	$62	(8)

</Table>

(8) Investments in Available-for-Sale Securities and Other Cost Investments

Investments in available-for-sale securities and other cost investments are summarized as follows:

<Table>
<Caption>

	MARCH 31, 2007	DECEMBER 31, 2006
	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
Capital Group		
News Corporation	$12,106	11,158
Time Warner Inc.(1)	3,376	3,728
Sprint Nextel Corporation(2)	1,657	1,651

Motorola, Inc.(3)	1,308	1,522
Other available-for-sale equity securities(4)	847	830
Other available-for-sale debt securities	299	135
Other cost investments and related receivables	34	34
Total attributed Capital Group	19,627	19,058
Interactive Group		
IAC/InterActiveCorp	2,610	2,572
Total attributed Interactive Group	2,610	2,572
Consolidated Liberty	22,237	21,630
Less short-term investments	--	(8)
	$22,237	21,622

</Table>

- -----------------------

(1) Includes $179 million and $198 million of shares pledged as collateral for share borrowing arrangements at March 31, 2007 and December 31, 2006, respectively.

(2) Includes $171 million and $170 million of shares pledged as collateral for share borrowing arrangements at March 31, 2007 and December 31, 2006, respectively.

(3) Includes $917 million and $1,068 million of shares pledged as collateral for share borrowing arrangements at March 31, 2007 and December 31, 2006, respectively.

(4) Includes $53 million and $46 million of shares pledged as collateral for share borrowing arrangements at March 31, 2007 and December 31, 2006, respectively.

<Page>

UNREALIZED HOLDING GAINS AND LOSSES

Unrealized holding gains and losses related to investments in available-for-sale securities are summarized below.

<Table>
<Caption>

	MARCH 31, 2007		DECEMBER 31, 2006	
	EQUITY SECURITIES	DEBT SECURITIES	EQUITY SECURITIES	DEBT SECURITIES
	AMOUNTS IN MILLIONS			
<S>	<C>	<C>	<C>	<C>
Gross unrealized holding gains	$9,781	--	9,335	--
Gross unrealized holding losses	$ (1)	--	(1)	--

</Table>

The aggregate fair value of securities with unrealized holding losses at March 31, 2007 was $6 million. None of these securities had unrealized losses for more than 12 continuous months.

(9) Intangible Assets

GOODWILL

Changes in the carrying amount of goodwill for the three months ended March 31, 2007 are as follows:

<Table>
<Caption>

	QVC	STARZ ENTERTAINMENT	OTHER	TOTAL
	AMOUNTS IN MILLIONS			
<S>	<C>	<C>	<C>	<C>
Balance at January 1, 2007	$5,416	1,371	801	7,588
Acquisitions	--	--	14	14
Foreign currency translation	6	--	--	6
Other(1)	(31)	--	(2)	(33)
Balance at March 31, 2007	$5,391	1,371	813	7,575

====== ===== === =====
</Table>

- ------------------------

(1) Other for QVC relates to the reversal of certain tax reserves in connection with the adoption of FIN 48 (see note 12). Such tax reserves were established prior to Liberty's acquisition of a controlling interest in QVC in 2003. Accordingly, the offset to the reversal of the tax reserves is a reduction of goodwill.

AMORTIZABLE INTANGIBLE ASSETS

Amortization of intangible assets with finite useful lives was $116 million and $114 million for the three months ended March 31, 2007 and 2006, respectively. Based on its current amortizable intangible assets, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

<Table>

<S>	<C>
Remainder of 2007	$348
2008	$433
2009	$390
2010	$358
2011	$351

</Table>

<Page>

(10) Financial Instruments

The Company's financial instruments are summarized as follows:

<Table>
<Caption>

TYPE OF FINANCIAL INSTRUMENT	MARCH 31, 2007	DECEMBER 31, 2006
	AMOUNTS IN MILLIONS	
ASSETS		
Equity collars	$ 1,155	1,218
Other	314	361
	1,469	1,579
Less current portion	(293)	(239)
	$ 1,176	1,340
LIABILITIES		
Borrowed shares	$ 1,320	1,482
Exchangeable debenture call option obligations(1)	--	1,280
Equity collars	366	416
Other	20	12
	1,706	3,190
Less current portion	(1,322)	(1,484)
	$ 384	1,706

</Table>

Realized and unrealized gains (losses) on financial instruments are comprised of changes in fair value of the following:

<Table>
<Caption>

	THREE MONTHS ENDED MARCH 31, 2007	2006
	AMOUNTS IN MILLIONS	
Senior exchangeable debentures(1)	$170	--
Equity collars	64	(157)
Borrowed shares	161	(37)
Exchangeable debenture call option obligations(1)	--	(17)

Other derivatives	(51)	18
	$344	(193)

</Table>

- -----------------------

(1) See note 11 regarding the accounting for the Company's senior exchangeable debentures.

(11) Long-Term Debt

Debt is summarized as follows:

<Table>
<Caption>

<S>	OUTSTANDING PRINCIPAL MARCH 31, 2007	CARRYING VALUE MARCH 31, 2007	CARRYING VALUE DECEMBER 31, 2006
	AMOUNTS IN MILLIONS		
Capital Group			
Senior exchangeable debentures			
4% Senior Exchangeable Debentures due 2029	$ 869	589	254
3.75% Senior Exchangeable Debentures due 2030	810	502	234
3.5% Senior Exchangeable Debentures due 2031	502	486	238
3.25% Senior Exchangeable Debentures due 2031	551	447	119
0.75% Senior Exchangeable Debentures due 2023	1,750	2,039	1,637
Subsidiary debt	107	107	158
Total attributed Capital Group debt	4,589	4,170	2,640
Interactive Group			
Senior notes and debentures			
7.875% Senior Notes due 2009	670	667	667
7.75% Senior Notes due 2009	234	234	234
5.7% Senior Notes due 2013	802	800	800
8.5% Senior Debentures due 2029	500	495	495
8.25% Senior Debentures due 2030	902	895	895
QVC bank credit facilities	3,175	3,175	3,225
Other subsidiary debt	68	68	67
Total attributed Interactive Group debt	6,351	6,334	6,383
Total consolidated Liberty debt	$10,940	10,504	9,023
Less current maturities		(179)	(114)
Total long-term debt		$10,325	8,909

</Table>

SENIOR EXCHANGEABLE DEBENTURES

Effective January 1, 2007, Liberty adopted Statement of Financial Accounting Standards No. 155, "ACCOUNTING FOR CERTAIN HYBRID FINANCIAL INSTRUMENTS, AN AMENDMENT OF FASB STATEMENTS NO. 133 AND 140" ("Statement 155"). Statement 155, among other things, amends Statement of Financial Accounting Standards No. 133, "ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES" ("Statement 133"), and permits fair value remeasurement of hybrid financial instruments that contain an embedded derivative that otherwise would require bifurcation. Under Statement 133, Liberty reported the fair value of the call option feature separate from the long-term debt. The long-term debt portion was reported as the difference between the face amount of the debenture and the fair value of the call option feature on the date of issuance and was accreted through interest expense to its face amount over the expected term of the debenture. Pursuant to the provisions of Statement 155, Liberty now accounts for its senior exchangeable debentures at fair value rather than bifurcating such instruments into a debt instrument and a derivative instrument. Changes in the fair value of the exchangeable debentures are included in realized and unrealized gains (losses) on financial instruments in the accompanying condensed consolidated statements of operations and aggregated $170 million for the three months ended March 31, 2007.

The impact--increase/(decrease)--on Liberty's balance sheet of the adoption of Statement 155 is as follows (amounts in millions):

<Table>

<S>	<C>
Long-term financial instrument liabilities..................	$(1,280)
Long-term debt...	$ 1,848
Deferred income tax liabilities............................	$ (216)
Accumulated deficit..	$ 352

</Table>

QVC BANK CREDIT FACILITIES

QVC is party to an unsecured $3.5 billion bank credit facility dated March 3, 2006 (the "March 2006 Credit Agreement"). The March 2006 Credit Agreement is comprised of an $800 million U.S. dollar term loan that was drawn at closing, an $800 million U.S. dollar term loan that was drawn on September 18, 2006, a $600 million multi-currency term loan that was drawn in U.S. dollars on September 18, 2006, a $650 million U.S. dollar revolving loan and a $650 million multi-currency revolving loan. The foregoing multi-currency loans can be made, at QVC's option, in U.S. dollars, Japanese yen, U.K. pound sterling or euros. All loans are due and payable on March 3, 2011.

QVC is party to a second credit agreement dated October 4, 2006, as amended on March 20, 2007 (the "October 2006 Credit Agreement"), which provides for an additional unsecured $1.75 billion credit facility, consisting of an $800 million initial term loan made on October 13, 2006, and $950 million of delayed draw term loans to be made from time to time upon the request of QVC. The delayed draw term loans are available until December 31, 2007 and are subject to reductions in the principal amount available. The loans are scheduled to mature on October 4, 2011.

All loans under the March 2006 Credit Agreement and the October 2006 Credit Agreement bear interest at a rate equal to (i) LIBOR for the interest period selected by QVC plus a margin that varies based on QVC's leverage ratio or (ii) the higher of the Federal Funds Rate plus 0.50% or the prime rate announced by the respective Administrative Agent from time to time. QVC is required to pay a commitment fee quarterly in arrears on the unused portion of the commitments.

The credit agreements contain restrictive covenants regarding, among other matters, the maintenance of certain financial ratios and limitations on indebtedness, liens, encumbrances, dispositions, guarantees and dividends. QVC was in compliance with its debt covenants at March 31, 2007. QVC's ability to borrow the unused portion of its credit agreements is dependent on its continuing compliance with such covenants both before and after giving effect to such additional borrowings.

QVC INTEREST RATE SWAP ARRANGEMENTS

During 2006, QVC entered into ten separate interest rate swap arrangements with an aggregate notional amount of $2,200 million to manage the cash flow risk associated with interest payments on its variable rate debt. The swap arrangements provide for QVC to make fixed payments at rates ranging from 4.9575% to 5.2928% and to receive variable payments at 3 month LIBOR. All of the swap arrangements expire in March 2011 contemporaneously with the maturity of the March 2006 Credit Agreement. Liberty accounts for the swap arrangements as cash flow hedges with the effective portions

<Page>

of changes in the fair value reflected in other comprehensive earnings in the accompanying condensed consolidated balance sheet.

OTHER SUBSIDIARY DEBT

Other subsidiary debt at March 31, 2007, is comprised of capitalized satellite transponder lease obligations and bank debt of Starz Media.

FAIR VALUE OF DEBT

Liberty estimates the fair value of its debt based on the quoted market prices for the same or similar issues or on the current rate offered to Liberty for debt of the same remaining maturities. The fair value of Liberty's publicly traded debt securities that are not reported at fair value in the accompanying condensed consolidated balance sheet at March 31, 2007 is as follows (amounts in millions):

Fixed rate senior notes	$1,727
Senior debentures	$1,457

Liberty believes that the carrying amount of its subsidiary debt approximated fair value at March 31, 2007.

(12) Income Taxes

Effective January 1, 2007, Liberty adopted FASB Interpretation No. 48, "ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES, AN INTERPRETATION OF FASB STATEMENT NO. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In instances where the Company has taken or expects to take a tax position in its tax return and the Company believes it is more likely than not that such tax position will be upheld by the relevant taxing authority, the Company may record a benefit for such tax position in its consolidated financial statements.

The impact--increase/(decrease)--on Liberty's balance sheet of the adoption of FIN 48 is as follows (amounts in millions):

Tax liabilities (including interest and penalties)	$(634)
Goodwill	$ (31)
Deferred tax liabilities	$ 36
Accumulated deficit	$(574)
Other assets	$ 7

As of January 1, 2007, the Company had recorded tax reserves of $422 million related to unrecognized tax benefits for uncertain tax positions. If such tax benefits were to be recognized for financial statement purposes, $360 million would be reflected in the Company's tax expense and affect its effective tax rate. Liberty's estimate of its unrecognized tax benefits related to uncertain tax positions requires a high degree of judgment, which may be subject to change in the future. However, based on information currently available to it, Liberty does not believe it is reasonably possible that its judgments will change significantly in the next 12 months.

When the tax law requires interest to be paid on an underpayment of income taxes, the Company recognizes interest expense from the first period the interest would begin accruing according to the relevant tax law. Such interest expense is included in interest expense in the accompanying condensed consolidated statements of operations. Any accrual of penalties related to underpayment of income taxes on uncertain tax positions is included in other income (expense) in the accompanying condensed consolidated statements of operations. As of January 1, 2007, the Company had recorded $18 million of accrued interest and penalties related to uncertain tax positions.

As of March 31, 2007, the Company's tax years 2001 through 2006 remain subject to examination by the IRS for federal income tax purposes.

(13) Stockholders' Equity

As of March 31, 2007, there were 2.6 million and 1.5 million shares of Liberty Capital Series A common stock and Series B common stock, respectively, reserved for issuance under exercise privileges of outstanding stock options.

As of March 31, 2007, there were 22.9 million and 7.5 million shares of Liberty Interactive Series A common stock and Series B common stock, respectively, reserved for issuance under exercise privileges of outstanding stock options.

In addition to the Liberty Capital Series A and Series B common stock and the Liberty Interactive Series A and Series B common stock, there are 300 million and 1,500 million shares of Liberty Capital Series C and Liberty Interactive Series C common stock, respectively, authorized for issuance. As of March 31, 2007, no shares of either Series C common stock were issued or outstanding.

During the three months ended March 31, 2007, the Company repurchased 1.5 million shares of Liberty Interactive Series A common stock in the open market for aggregate cash consideration of $34.4 million. Such shares were repurchased pursuant to a previously announced share repurchase program and have been retired and returned to the status of authorized and available for issuance.

Liberty commenced a tender offer on March 7, 2007 that it subsequently amended on March 20, 2007. Pursuant to the tender offer, as amended, Liberty sought to purchase up to 8,849,500 shares of Liberty Capital Series A common stock at a price not greater than $113.00 or less than $105.00 per share. The tender offer expired on April 5, 2007, and 11,858,343 shares of Liberty Capital Series A common stock were properly tendered. Liberty exercised its right to purchase an additional 2% of its outstanding Liberty Capital Series A common stock and accepted for purchase 11,540,680 shares at a price of $113.00 per share or aggregate cash consideration of $1,304 million.

(14) Commitments and Contingencies

FILM RIGHTS

Starz Entertainment, a wholly-owned subsidiary of Liberty, provides video programming distributed by cable operators, direct-to-home satellite providers, other distributors and via the Internet throughout the United States. Starz Entertainment has entered into agreements with a number of motion picture producers which obligate Starz Entertainment to pay fees ("Programming Fees") for the rights to exhibit certain films that are released by these producers. The unpaid balance of Programming Fees for films that were available for exhibition by Starz Entertainment at March 31, 2007 is reflected as a liability in the accompanying condensed consolidated balance sheet. The balance due as of March 31, 2007 is payable as follows: $89 million in 2007, $13 million in 2008 and $17 million thereafter.

<Page>

Starz Entertainment has also contracted to pay Programming Fees for the rights to exhibit films that have been released theatrically, but are not available for exhibition by Starz Entertainment until some future date. These amounts have not been accrued at March 31, 2007. Starz Entertainment's estimate of amounts payable under these agreements is as follows: $384 million in 2007; $284 million in 2008; $89 million in 2009; $82 million in 2010; $31 million in 2011; and $68 million thereafter.

In addition, Starz Entertainment is also obligated to pay Programming Fees for all qualifying films that are released theatrically in the United States by studios owned by The Walt Disney Company ("Disney") through 2009, all qualifying films that are released theatrically in the United States by studios owned by Sony Pictures Entertainment ("Sony") through 2010 and all qualifying films produced for theatrical release in the United States by Revolution Studios through 2006. Films are generally available to Starz Entertainment for exhibition 10 - 12 months after their theatrical release. The Programming Fees to be paid by Starz Entertainment are based on the quantity and the domestic theatrical exhibition receipts of qualifying films. As these films have not yet been released in theatres, Starz Entertainment is unable to estimate the amounts to be paid under these output agreements. However, such amounts are expected to be significant.

In addition to the foregoing contractual film obligations, each of Disney and Sony has the right to extend its contract for an additional three years. If Sony elects to extend its contract, Starz Entertainment has agreed to pay Sony a total of $190 million in four annual installments of $47.5 million beginning in 2011. This option expires December 31, 2007. If made, such payments to Sony would be amortized ratably as programming expense over the extension period beginning in 2011. An extension of this agreement would also result in the payment by Starz Entertainment of Programming Fees for qualifying films released by Sony during the extension period. If Disney elects to extend its contract, Starz Entertainment would not be obligated to pay any amounts in excess of its Programming Fees for qualifying films released by Disney during the extension period. The Disney option expires December 31, 2007.

GUARANTEES

Liberty guarantees Starz Entertainment's obligations under certain of its studio output agreements. At March 31, 2007, Liberty's guarantee for obligations for films released by such date aggregated $650 million. While the guarantee amount for films not yet released is not determinable, such amount is expected to be significant. As noted above, Starz Entertainment has recognized the liability for a portion of its obligations under the output agreements. As this represents a commitment of Starz Entertainment, a consolidated subsidiary of Liberty, Liberty has not recorded a separate liability for its guarantee of these obligations.

In connection with agreements for the sale of certain assets, Liberty typically retains liabilities that relate to events occurring prior to its sale, such as tax, environmental, litigation and employment matters. Liberty generally indemnifies the purchaser in the event that a third party asserts a claim against the purchaser that relates to a liability retained by Liberty. These types of indemnification guarantees typically extend for a number of years. Liberty is unable to estimate the maximum potential liability for these types of indemnification guarantees as the sale agreements typically do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, Liberty has not made any significant indemnification payments under such agreements and no amount has been accrued in the accompanying condensed consolidated financial statements with respect to these indemnification guarantees.

OPERATING LEASES

Liberty and its subsidiaries lease business offices, have entered into satellite transponder lease agreements and use certain equipment under lease arrangements.

LITIGATION

Liberty has contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible Liberty may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying condensed consolidated financial statements.

INCOME TAXES

Since the date Liberty issued its exchangeable debentures, it has claimed interest deductions on such exchangeable debentures for federal income tax purposes based on the "comparable yield" at which it could have issued a fixed-rate debenture with similar terms and conditions. In all instances, this policy has resulted in Liberty claiming interest deductions significantly in excess of the cash interest currently paid on its exchangeable debentures. In this regard, Liberty has deducted $2,445 million in cumulative interest expense associated with the exchangeable debentures since the Company's 2001 split-off from AT&T. Of that amount, $768 million represents cash interest payments. Interest deducted in prior years on its exchangeable debentures has contributed to net operating losses ("NOLs") that may be carried to offset taxable income in 2006 and later years. These NOLs and current interest deductions on the exchangeable debentures are being used to offset taxable income currently being generated.

The IRS has issued Technical Advice Memorandums (the "TAMs") challenging the current deductibility of interest expense claimed on exchangeable debentures issued by other companies. The TAMs conclude that such interest expense must be capitalized as basis to the shares referenced in the exchangeable debentures. If the IRS were to similarly challenge Liberty's tax treatment of these interest deductions, and ultimately win such challenge, there would be no impact to Liberty's reported total tax expense as the resulting increase in current tax expense would be offset by a decrease in deferred tax expense. However, Liberty would be required to make current federal income tax payments and may be required to make interest payments to the IRS. These payments could prove to be significant.

OTHER

During the period from March 9, 1999 to August 10, 2001, Liberty was included in the consolidated federal income tax return of AT&T Corp. and was a party to a tax sharing agreement with AT&T (the "AT&T Tax Sharing Agreement"). While Liberty was a subsidiary of AT&T, Liberty recorded its stand-alone tax provision on a separate return basis. Under the AT&T Tax Sharing Agreement, Liberty received a cash payment from AT&T in periods when Liberty generated taxable losses and such taxable losses were utilized by AT&T to reduce its consolidated income tax liability. To the extent such losses were not utilized by AT&T, such amounts were available to reduce federal taxable income generated by Liberty in future periods, similar to a net operating loss carryforward, and were accounted for as a deferred federal income tax benefit. Subsequent to Liberty's split off from AT&T, if adjustments are made to amounts previously paid under the AT&T Tax Sharing Agreement, such adjustments are reflected as adjustments to additional paid-in capital. During the period from March 10, 1999 to December 31, 2002, Liberty received cash payments from AT&T aggregating

$670 million as payment for Liberty's taxable losses that AT&T utilized to reduce its income tax liability.

Also, pursuant to the AT&T Tax Sharing Agreement and in connection with Liberty's split off from AT&T, AT&T was required to pay Liberty an amount equal to 35% of the amount of the net operating losses reflected in TCI's final federal income tax return ("TCI NOLs") that had not been used as an offset to Liberty's obligations under the AT&T Tax Sharing Agreement and that had been, or were reasonably expected to be, utilized by AT&T. In connection with the split off, Liberty received an $803 million payment for TCI's NOLs and recorded such payment as an increase to additional paid-in capital. Liberty was not paid for certain of TCI's NOLs ("SRLY NOLs") due to limitations and uncertainty regarding AT&T's ability to use them to offset taxable income in the future. In the event AT&T was ultimately able to use any of the SRLY NOLs, AT&T would be required to pay Liberty 35% of the amount of the SRLY NOLs used. In the fourth quarter of 2004 and in connection with the completion of an IRS audit of TCI's tax return for 1994, it was determined that Liberty was required to recognize additional taxable income related to the recapitalization of one of its investments resulting in a tax liability of approximately $30 million. As a result of the tax assessment, Liberty also received a corresponding amount of additional tax basis in the investment. However, Liberty was able to cause AT&T to use a portion of the SRLY NOLs to offset this taxable income, the benefit of which resulted in the elimination of the $30 million tax liability and an increase to additional paid-in capital.

In the fourth quarter of 2004, AT&T requested a refund from Liberty of $70 million, plus accrued interest, relating to losses that it generated in 2002 and 2003 and was able to carry back to offset taxable income previously offset by Liberty's losses. AT&T has asserted that Liberty's losses caused AT&T to pay $70 million in alternative minimum tax ("AMT") that it would not have been otherwise required to pay had Liberty's losses not been included in its return. In 2004, Liberty estimated that it may ultimately pay AT&T up to $30 million of the requested $70 million because Liberty believed AT&T received an AMT credit of $40 million against income taxes resulting from the AMT previously paid. Accordingly, Liberty accrued a $30 million liability with an offsetting reduction of additional paid-in capital. The net effect of the completion of the IRS tax audit noted above (including the benefit derived from AT&T for the utilization of the SRLY NOLs) and Liberty's accrual of amounts due to AT&T was an increase to deferred tax assets and an increase to other liabilities.

In the fourth quarter of 2005, AT&T requested an additional $21 million relating to additional losses it generated and was able to carry back to offset taxable income previously offset by Liberty's losses. In addition, the information provided to Liberty in connection with AT&T's request showed that AT&T had not yet claimed a credit for AMT previously paid. Accordingly, in the fourth quarter of 2005, Liberty increased its accrual by approximately $40 million (with a corresponding reduction of additional paid-in capital) representing its estimate of the amount it may ultimately pay (excluding accrued interest, if any) to AT&T as a result of this request. Although Liberty has not reduced its accrual for any future refunds, Liberty believes it is entitled to a refund when AT&T is able to realize a benefit in the form of a credit for the AMT previously paid.

In March 2006, AT&T requested an additional $21 million relating to additional losses and IRS audit adjustments that it claims it is able to use to offset taxable income previously offset by Liberty's losses. Liberty has reviewed this claim and believes that its accrual as of December 31, 2005 is adequate. Accordingly, no additional accrual has been made for AT&T's March 2006 request.

Although for accounting purposes Liberty has accrued a portion of the amounts claimed by AT&T to be owed by Liberty under the AT&T Tax Sharing Agreement, Liberty believes there are valid defenses or set-off or similar rights in its favor that may cause the total amount that it owes AT&T to

<Page>

be less than the amounts accrued; and under certain interpretations of the AT&T Tax Sharing Agreement, Liberty may be entitled to further reimbursements from AT&T.

(15) Operating Segments

Liberty is a holding company which, through its ownership of interests in subsidiaries and other companies, is primarily engaged in the video and on-line commerce, media, communications and entertainment industries. Upon the issuance of its tracking stocks, Liberty divided its businesses into two groups: the

Interactive Group and the Capital Group. Each of the businesses in the tracking stock groups is separately managed. Liberty identifies its reportable segments as (A) those consolidated subsidiaries that represent 10% or more of its consolidated revenue, earnings before income taxes or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of Liberty's consolidated earnings before income taxes. The segment presentation for prior periods has been conformed to the current period segment presentation.

Liberty evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as revenue, operating cash flow, gross margin, average sales price per unit, number of units shipped, and revenue or sales per customer equivalent. In addition, Liberty reviews non-financial measures such as subscriber growth and penetration, as appropriate.

Liberty defines operating cash flow as revenue less cost of sales, operating expenses, and selling, general and administrative expenses (excluding stock-based compensation). Liberty believes this measure is an important indicator of the operational strength and performance of its businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes depreciation and amortization, stock-based compensation, separately reported litigation settlements and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, operating cash flow should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. Liberty generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current prices.

For the three months ended March 31, 2007, Liberty has identified the following businesses as its reportable segments:

- QVC--consolidated subsidiary attributed to the Interactive Group that markets and sells a wide variety of consumer products in the U.S. and several foreign countries, primarily by means of televised shopping programs on the QVC networks and via the Internet through its domestic and international websites.

- Starz Entertainment--consolidated subsidiary attributed to the Capital Group that provides video programming distributed by cable operators, direct-to-home satellite providers, other distributors and via the Internet throughout the United States.

Liberty's reportable segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technologies, distribution channels and marketing strategies. The accounting policies of the segments that are also consolidated subsidiaries are the same as those described in the summary of significant policies.

<Page>

PERFORMANCE MEASURES

<Table>
<Caption>

	THREE MONTHS ENDED MARCH 31,			
	2007		2006	
	REVENUE	OPERATING CASH FLOW (DEFICIT)	REVENUE	OPERATING CASH FLOW (DEFICIT)
	AMOUNTS IN MILLIONS			
<S>	<C>	<C>	<C>	<C>
Interactive Group				
QVC...............................	$1,684	374	1,555	355
Corporate and Other...............	87	8	53	10
	1,771	382	1,608	365
Capital Group				
Starz Entertainment...............	265	73	259	41
Corporate and Other...............	87	(33)	34	(11)
	352	40	293	30

Consolidated Liberty	$2,123	422	1,901	395

</Table>

OTHER INFORMATION

<Table>
<Caption>

	MARCH 31, 2007		
	TOTAL ASSETS	INVESTMENTS IN AFFILIATES	CAPITAL EXPENDITURES
	AMOUNTS IN MILLIONS		
<S>	<C>	<C>	<C>
Interactive Group			
QVC	$19,065	114	79
Corporate and Other	5,699	1,258	3
Intragroup elimination	(5,117)	--	--
	19,647	1,372	82
Capital Group			
Starz Entertainment	2,810	--	2
Corporate and Other	25,034	500	3
Assets of discontinued operations	283	--	--
	28,127	500	5
Inter-Group eliminations	(151)	--	--
Consolidated Liberty	$47,623	1,872	87

</Table>

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The following table provides a reconciliation of consolidated segment operating cash flow to earnings (loss) from continuing operations before income taxes and minority interests:

<Table>
<Caption>

	THREE MONTHS ENDED MARCH 31,	
	2007	2006
	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
Consolidated segment operating cash flow	$ 422	395
Stock-based compensation	(22)	(30)
Depreciation and amortization	(151)	(141)
Interest expense	(150)	(148)
Realized and unrealized gains (losses) on financial instruments, net	344	(193)
Gains on dispositions of assets, net	6	24
Other, net	84	68
Earnings (loss) from continuing operations before income taxes and minority interests	$ 533	(25)

</Table>

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, product and marketing strategies, new service offerings, our tax sharing arrangement with AT&T and estimated amounts payable under that arrangement, revenue growth and subscriber trends at QVC and Starz Entertainment, anticipated programming and marketing costs at Starz Entertainment, our projected sources and uses of cash for the remainder of 2007, the estimated value of our derivatives related to certain of our AFS investments, and the anticipated non-material impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of our business. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but such statements necessarily involve risks and uncertainties and there can be no assurance that the statement of expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- consumer demand for our products and services and our ability to adapt to changes in demand;

- competitor responses to our products and services, and the products and services of the entities in which we have interests;

- uncertainties inherent in the development and integration of new business lines and business strategies;

- uncertainties associated with product and service development and market acceptance, including the development and provision of programming for new television and telecommunications technologies;

- our future financial performance, including availability, terms and deployment of capital;

- our ability to successfully integrate and recognize anticipated efficiencies and benefits from the businesses we acquire;

- the ability of suppliers and vendors to deliver products, equipment, software and services;

- the outcome of any pending or threatened litigation;

- availability of qualified personnel;

- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings;

- changes in the nature of key strategic relationships with partners and joint venturers;

- general economic and business conditions and industry trends;

- consumer spending levels, including the availability and amount of individual consumer debt;

- the regulatory and competitive environment of the industries in which we, and the entities in which we have interests, operate;

- continued consolidation of the broadband distribution and movie studio industries;

- changes in distribution and viewing of television programming, including the expanded deployment of personal video recorders, video on demand and IP television and their impact on home shopping networks;

- increased digital TV penetration and the impact on channel positioning of our networks;

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- rapid technological changes;

- capital spending for the acquisition and/or development of telecommunications networks and services;

- threatened terrorists attacks and ongoing military action in the Middle East and other parts of the world; and

- fluctuations in foreign currency exchange rates and political unrest in international markets.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in its expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto and our Annual Report on Form 10-K for the year ended December 31, 2006.

OVERVIEW

We own controlling and noncontrolling interests in a broad range of video and on-line commerce, media, communications and entertainment companies. Our more significant operating subsidiaries, which are also our reportable segments, are QVC and Starz Entertainment. QVC markets and sells a wide variety of consumer products in the United States and several foreign countries, primarily by means of televised shopping programs on the QVC networks and via the Internet through its domestic and international websites. Starz Entertainment provides video programming distributed by cable operators, direct-to-home satellite providers, other distributors and via the Internet throughout the United States.

Our "Corporate and Other" category includes our other consolidated subsidiaries and corporate expenses. Our other consolidated subsidiaries include Provide Commerce, Inc., Starz Media, LLC, TruePosition, Inc., FUN Technologies, Inc., and BuySeasons, Inc. Provide, which we acquired in February 2006, operates an e-commerce marketplace of websites for perishable goods, including flowers, gourmet foods, fruits and desserts. Starz Media, which we acquired in the third quarter of 2006, is focused on developing, acquiring, producing and distributing live-action, computer-generated and traditional television animated productions for the home video, film, broadcast and direct-to-consumer markets. TruePosition provides equipment and technology that deliver location-based services to wireless users. FUN, in which we acquired a controlling interest in March 2006, operates websites that offer casual gaming, sports information and fantasy sports services. BuySeasons, which we acquired in August 2006, operates BuyCostumes.com, an online retailer of costumes, accessories, decor and party supplies.

In addition to the foregoing businesses, we hold an approximate 23% ownership interest in Expedia, Inc., which we account for as an equity method investment, and we continue to maintain significant investments and related derivative positions in public companies such as News Corporation, IAC/InterActiveCorp, Time Warner Inc. and Sprint Nextel Corporation, which are accounted for at their respective fair market values and are included in corporate and other.

TRACKING STOCKS

On May 9, 2006, we completed a restructuring pursuant to which we, among other things, issued two new tracking stocks, Liberty Interactive common stock and Liberty Capital common stock. Each

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tracking stock issued in the restructuring is intended to track and reflect the economic performance of one of two newly designated groups, the Interactive Group and the Capital Group, respectively.

Tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. While the Interactive Group and the Capital Group have separate collections of businesses, assets and liabilities attributed to them, neither group is a separate legal entity and therefore cannot own assets, issue securities or enter into legally binding agreements. Holders of tracking stocks have no direct claim to the group's stock or assets and are not represented by separate boards of directors. Instead, holders of tracking stock are stockholders of the parent corporation, with a single board of directors and subject to all of the risks and liabilities of the parent corporation.

The term "Interactive Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities which we have attributed to it. The assets and businesses we have attributed to the Interactive Group are those engaged in video and on-line commerce, and include our subsidaries QVC, Provide and BuySeasons and our interests in Expedia and IAC/InterActiveCorp. The Interactive Group will also include such other businesses that our board of directors may in the future determine to attribute to the Interactive Group, including such other businesses as we may acquire for the Interactive Group. In addition, we have attributed $3,108 million principal amount (as of March 31, 2007) of our existing publicly-traded debt to the Interactive Group.

The term "Capital Group" also does not represent a separate legal entity, rather it represents all of our businesses, assets and liabilities other than those which have been attributed to the Interactive Group. The assets and businesses attributed to the Capital Group include our subsidiaries Starz Entertainment, Starz Media, TruePosition and FUN, our equity affiliates GSN, LLC and WildBlue Communications, Inc. and our interests in News Corporation, Time Warner Inc. and Sprint Nextel Corporation. The Capital Group will also include such other businesses that our board of directors may in the future determine to attribute to the Capital Group, including such other businesses as we may acquire for the Capital Group. In addition, we have attributed $4,482 million principal amount (as of March 31, 2007) of our existing publicly-traded debt to the Capital Group.

See Exhibit 99.1 to this Quarterly Report on Form 10-Q for attributed financial information for our tracking stock groups.

2007 COMPLETED AND PENDING TRANSACTIONS

In addition to the sales of OPTV and AEG described in note 7 to the accompanying condensed consolidated financial statements, we have several other completed and pending transactions. Among these are:

On April 16, 2007, we completed a transaction with CBS Corporation pursuant to which we exchanged our 7.6 million shares of CBS Class B common stock for a newly created subsidiary of CBS that held CBS' owned television station in Green Bay, Wisconsin and approximately $170 million in cash.

In December 2006, we announced that we had entered into an exchange agreement with News Corporation pursuant to which, if completed, we would exchange our approximate 16% ownership interest in News Corporation for a subsidiary of News Corporation which would own an approximate 38% interest in The DIRECTV Group, Inc., three regional sports television networks and approximately $588 million in cash. Consummation of the exchange, which is subject to various closing conditions, including regulatory approval and receipt of a favorable ruling from the IRS confirming that the exchange is tax-free, is expected in mid-2007.

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RESULTS OF OPERATIONS

GENERAL. We provide in the tables below information regarding our Consolidated Operating Results and Other Income and Expense, as well as information regarding the contribution to those items of our reportable segments categorized by the tracking stock group to which those segments are attributed. The "corporate and other" category for each tracking stock group consists of those assets within the category which are attributed to such tracking stock group. For a more detailed discussion and analysis of the financial results of the principal reporting segments of each tracking stock group, see "Interactive Group" and "Capital Group" below.

2006 ACQUISITIONS. We completed several acquisitions in 2006 that impact the comparability of our 2006 and 2007 results of operations. Such acquisitions include: Provide in February 2006, FUN in March 2006 and BuySeasons and Starz Media in August 2006.

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CONSOLIDATED OPERATING RESULTS

<Table>
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	THREE MONTHS ENDED MARCH 31, 2007	2006
	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
REVENUE		
Interactive Group		
QVC	$1,684	1,555
Corporate and Other	87	53
	1,771	1,608
Capital Group		
Starz Entertainment	265	259
Corporate and Other	87	34
	352	293
Consolidated Liberty	$2,123	1,901
OPERATING CASH FLOW (DEFICIT)		
Interactive Group		
QVC	$ 374	355
Corporate and Other	8	10
	382	365
Capital Group		
Starz Entertainment	73	41
Corporate and Other	(33)	(11)

	40	30
Consolidated Liberty	$ 422	395
OPERATING INCOME (LOSS)		
Interactive Group		
QVC	$ 243	212
Corporate and Other	1	6
	244	218
Capital Group		
Starz Entertainment	60	33
Corporate and Other	(55)	(27)
	5	6
Consolidated Liberty	$ 249	224

</Table>

REVENUE. Our consolidated revenue increased $222 million or 11.7% for the three months ended March 31, 2007, as compared to the corresponding prior year period. This increase is due primarily to a $129 million or 8.3% increase for QVC and $61 million generated by Starz Media, which we acquired in August 2006. In addition, we recognized full-quarter revenue for Provide and FUN in 2007. These increases were partially offset by a $24 million decrease for TruePosition. In November 2006, TruePosition signed an amendment to its existing services contract with Cingular Wireless that requires TruePosition to develop and deliver additional software features. Because vendor specific objective evidence related to the value of these additional features does not exist, TruePosition is required to defer revenue recognition until all of the features have been delivered. TruePosition estimates that

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these features will be delivered in the first quarter of 2008. Accordingly, absent any further contractual changes, TruePosition will not recognize any revenue under this contract until 2008. See Management's Discussion and Analysis for the Interactive Group and for the Capital Group below for a more complete discussion of QVC's and Starz Entertainment's results of operations.

OPERATING CASH FLOW. We define Operating Cash Flow as revenue less cost of sales, operating expenses and selling, general and administrative expenses (excluding stock-based compensation). Our chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our businesses and make decisions about allocating resources among our businesses. We believe this measure is an important indicator of the operational strength and performance of our businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes such costs as depreciation and amortization, stock-based compensation, separately reported litigation settlements and impairments of long-lived assets that are included in the measurement of operating income pursuant to generally accepted accounting principles. Accordingly, Operating Cash Flow should be considered in addition to, but not as a substitute for, operating income, net earnings, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. See note 15 to the accompanying condensed consolidated financial statements for a reconciliation of Operating Cash Flow to Earnings (Loss) from Continuing Operations Before Income Taxes and Minority Interests.

Consolidated Operating Cash Flow increased $27 million or 6.8% during the three months ended March 31, 2007, as compared to the corresponding prior year period. This increase is due primarily to a $32 million or 78.0% increase in Starz Entertainment's operating cash flow and a $19 million or 5.4% increase in QVC's operating cash flow. These increases were partially offset by an $18 million decrease in operating cash flow for TruePosition due to the reduction in revenue noted above.

STOCK-BASED COMPENSATION. Stock-based compensation includes compensation related to (1) options and stock appreciation rights for shares of our common stock that are granted to certain of our officers and employees, (2) phantom stock appreciation rights ("PSARs") granted to officers and employees of certain of our subsidiaries pursuant to private equity plans and (3) amortization of restricted stock grants.

Effective January 1, 2006, we adopted Statement 123R. Statement 123R requires that we amortize the grant date fair value of our stock option and SAR Awards that qualify as equity awards as stock compensation expense over the vesting period of such Awards. Statement 123R also requires that we record our liability awards at fair value each reporting period and that the change in fair value be reflected as stock compensation expense in our condensed consolidated statements of operations.

In connection with our adoption of Statement 123R, we recorded an $89 million transition adjustment, net of related income taxes. The transition adjustment is reflected in the accompanying condensed consolidated statement of operations as the cumulative effect of accounting change. We recorded $22 million of stock compensation expense for the three months ended March 31, 2007, compared with $30 million for the comparable period in 2006. As of March 31, 2007, the total compensation cost related to our unvested equity awards was approximately $76 million. Such amount will be recognized in our consolidated statements of operations over a weighted average period of approximately 2.1 years.

OPERATING INCOME. Consolidated operating income increased $25 million or 11.2% for the three months ended March 31, 2007, as compared to the corresponding prior year period. This increase is the net effect of an increase in operating income for Starz Entertainment and QVC, partially offset by operating losses generated by Starz Media and TruePosition.

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OTHER INCOME AND EXPENSE

Components of Other Income (Expense) are as follows:

<Table>
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	THREE MONTHS ENDED MARCH 31, 2007	2006
	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
Interest expense		
Interactive Group	$(114)	(93)
Capital Group	(36)	(55)
Consolidated Liberty	$(150)	(148)
Dividend and interest income		
Interactive Group	$ 11	9
Capital Group	64	47
Consolidated Liberty	$ 75	56
Share of earnings (losses) of affiliates		
Interactive Group	$ 15	4
Capital Group	(6)	4
Consolidated Liberty	$ 9	8
Realized and unrealized gains (losses) on financial instruments, net		
Interactive Group	$ 2	20
Capital Group	342	(213)
Consolidated Liberty	$ 344	(193)
Gains on dispositions, net		
Interactive Group	$ --	--
Capital Group	6	24
Consolidated Liberty	$ 6	24
Other, net		
Interactive Group	$ --	1
Capital Group	--	3
Consolidated Liberty	$ --	4

</Table>

INTEREST EXPENSE. Consolidated interest expense was comparable for the three months ended March 31, 2007 and 2006. However, interest expense attributable to the Interactive Group increased $21 million for the three-month period due to increased borrowings on the QVC credit facilities. Interest expense attributable to the Capital Group decreased $19 million in 2007 due to our adoption of Statement 155 and the resulting change in accounting for our senior exchangeable debentures. Our 2006 interest expense included $23 million of accretion related to our exchangeable debentures. See note 11 to the accompanying condensed consolidated financial statements.

DIVIDEND AND INTEREST INCOME. Interest income for the Capital Group increased in 2007 due to higher invested cash balances. Interest and dividend income attributable to the Capital Group for the three months ended March 31, 2007 was comprised of interest income earned on invested cash ($27 million), dividends on News Corp. common stock ($29 million), dividends on other AFS securities ($6 million), and other ($2 million).

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SHARE OF EARNINGS OF AFFILIATES. Our 2007 share of earnings (losses) of affiliates are $15 million for the Interactive Group and ($6) million for the Capital Group. In December 2006, we announced that we had entered into an exchange agreement with News Corporation pursuant to which, if completed, we would exchange our approximate 16% ownership interest in News Corporation for a subsidiary of News Corporation, which would own News Corporation's approximate 38% interest in The DIRECTV Group, Inc., three regional sports television networks and approximately $588 million in cash. Consummation of the exchange, which is subject to various closing conditions, including regulatory approval and receipt of a favorable ruling from the IRS that the exchange is tax free, is expected in mid-2007. Upon consummation, if completed, we will account for our interest in The DIRECTV Group using the equity method of accounting, which could result in a significant increase in our share of earnings of affiliates in future periods. In this regard, The DIRECTV Group reported net income for the year ended December 31, 2006 of $1,420 million.

REALIZED AND UNREALIZED GAINS (LOSSES) ON FINANCIAL INSTRUMENTS. Realized and unrealized gains (losses) on financial instruments are comprised of changes in the fair value of the following:

<Table>
<Caption>

	THREE MONTHS ENDED MARCH 31, 2007	THREE MONTHS ENDED MARCH 31, 2006
	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
Senior exchangeable debentures	$170	--
Equity collars	64	(157)
Borrowed shares	161	(37)
Exchangeable debenture call option obligations	--	(17)
Other derivatives	(51)	18
	$344	(193)

</Table>

INCOME TAXES. Our effective tax rate was 38.2% for three months ended March 31, 2007. Such rate is greater than the U.S. federal income tax rate of 35% due primarily to state tax expense.

NET EARNINGS. Our net earnings (loss) was $369 million and ($26) million for three months ended March 31, 2007 and 2006, respectively. Such change is due to the aforementioned fluctuations in revenue and expenses. In addition, we recognized $42 million and ($6) million of earnings (loss) from discontinued operations in 2007 and 2006, respectively. The 2007 earnings from discontinued operations include a pre-tax gain of $65 million from the disposition of OpenTV. In 2006, we also recognized a transition adjustment of $89 million related to the adoption of Statement 123R.

MATERIAL CHANGES IN FINANCIAL CONDITION

While the Interactive Group and the Capital Group are not separate legal entities and the assets and liabilities attributed to each group remain assets and liabilities of our consolidated company, we manage the liquidity and financial resources of each group separately. Keeping in mind that assets attributed to one group may be used to satisfy liabilities attributed to the other group, the following discussion assumes that future liquidity needs of each group will be funded by the financial resources attributed to each respective group.

The following are potential sources of liquidity for each group to the extent the identified asset or transaction has been attributed to such group: available cash balances, cash generated by the operating activities of our privately-owned subsidiaries (to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted), proceeds from asset sales, monetization of our

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public investment portfolio (including derivatives), debt and equity issuances, and dividend and interest receipts.

INTERACTIVE GROUP. During the three months ended March 31, 2007, the Interactive Group's primary uses of cash were debt repayments ($178 million), capital expenditures ($82 million), tax payments to the Capital Group ($68 million) and the repurchase of outstanding Liberty Interactive common stock. In connection with the issuance of our tracking stocks, our board of directors authorized a share repurchase program pursuant to which we could repurchase up to $1 billion of outstanding shares of Liberty Interactive common stock in the open market or in privately negotiated transactions, from time to time, subject to market conditions. In the fourth quarter of 2006, our board of directors authorized us to repurchase up to an additional $1 billion of outstanding shares of Liberty Interactive common stock. During the three months ended March 31, 2007, we repurchased 1.5 million shares of Liberty Interactive Series A common stock for aggregate cash consideration of $34.4 million pursuant to this share repurchase program. We may alter or terminate the stock repurchase program at any time.

The Interactive Group's uses of cash in 2007 were primarily funded with cash from operations and borrowings under the QVC credit facilities. As of March 31, 2007, the Interactive Group had a cash balance of $885 million.

The projected uses of Interactive Group cash for the remainder of 2007 include approximately $310 million for interest payments on QVC debt and parent debt attributed to the Interactive Group, $270 million for capital expenditures, additional tax payments to the Capital Group and additional repurchases of Liberty Interactive common stock. In addition, we may make additional investments in existing or new businesses and attribute such investments to the Interactive Group. However, we do not have any commitments to make new investments at this time.

As of March 31, 2007, the aggregate commitments under QVC's credit agreements were $5.25 billion, and outstanding borrowings were $3.175 billion. QVC's ability to borrow the unused capacity is dependent on its continuing compliance with the covenants contained in the agreements at the time of, and after giving effect to, a requested borrowing.

CAPITAL GROUP. During the three months ended March 31, 2007, the Capital Group's primary uses of cash were debt repayments ($151 million) and loans to WildBlue Communications, an equity affiliate ($39 million). These investing activities were funded with available cash on hand and proceeds from derivative settlements and asset sales.

In connection with the issuance of our tracking stocks, our board of directors authorized a share repurchase program pursuant to which we may repurchase up to $1 billion of outstanding shares of Liberty Capital Stock in the open market or in privately negotiated transactions, from time to time, subject to market conditions.

In order to implement our share repurchase program for Liberty Capital common stock, we commenced a tender offer on March 7, 2007 that we subsequently amended on March 20, 2007. Pursuant to the tender offer, as amended, we sought to purchase up to 8,849,500 shares of Liberty Capital Series A common stock at a price not greater than $113.00 or less than $105.00 per share. The tender offer expired on April 5, 2007, and 11,858,343 shares of Liberty Capital Series A common stock were properly tendered. We exercised our right to purchase an additional 2% of our outstanding Liberty Capital Series A common stock and accepted for purchase 11,540,680 shares at a price of $113.00 per share or aggregate cash consideration of $1,304 million. We funded the cash consideration with available cash on hand.

The projected uses of Capital Group cash for the remainder of 2007 include payments for the tender offer described in the preceding paragraph and approximately $90 million for interest payments on debt attributed to the Capital Group. In addition, we may make additional investments in existing

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or new businesses and attribute such investments to the Capital Group. However, we do not have any commitments to make new investments at this time.

We expect that the Capital Group's investing and financing activities will be funded with a combination of cash on hand, cash proceeds from the sale of AEG, cash proceeds from our exchange transactions with CBS Corporation and News Corporation, cash provided by operating activities, tax payments from the Interactive Group, proceeds from collar expirations and dispositions of non-strategic assets. At March 31, 2007, the Capital Group's sources of liquidity include $2,384 million in cash and marketable debt securities and $6,985 million of non-strategic AFS securities including related derivatives. To the extent the Capital Group recognizes any taxable gains from the sale of assets or the expiration of derivative instruments, we may incur current tax expense and be required to make tax payments, thereby reducing any cash proceeds attributable to the Capital Group.

Our derivatives related to certain of our AFS investments provide the

Capital Group with an additional source of liquidity. Based on the put price and assuming we deliver owned or borrowed shares to settle each of the AFS Derivatives and excluding any provision for income taxes, the Capital Group would have attributed to it cash proceeds of approximately $245 million in 2007, zero in 2008, $1,181 million in 2009, $1,677 million in 2010, $446 million in 2011 and $866 million in 2013 upon settlement of its AFS Derivatives.

Prior to the maturity of the equity collars, the terms of certain of these instruments allow borrowings against the future put option proceeds at LIBOR or LIBOR plus an applicable spread, as the case may be. As of March 31, 2007, such borrowing capacity aggregated approximately $4,415 million. Such borrowings would reduce the cash proceeds upon settlement noted in the preceding paragraph. In the event we complete our exchange transaction with News Corporation as currently contemplated, such borrowing capacity would be reduced by $916 million.

Subsequent to March 31, 2007, we secured $750 million of bank financing with an interest rate of LIBOR plus 5bp. We intend to invest such proceeds in a portfolio of selected debt and mezzanine-level instruments of companies in the telecommunications, media and technology sectors that we believe have favorable risk/return profiles. Although no assurance can be given, we expect to make such investments over the next 18-24 months.

See note 14 to the accompanying condensed consolidated financial statements for a discussion of our commitments and contingencies.

RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "FAIR VALUE MEASUREMENTS,"which defines fair value, establishes a framework for measuring fair value under GAAP and expands disclosures about fair value measurements. Statement 157 applies to other accounting pronouncements that require or permit fair value measurements. The new guidance is effective for financial statements issued for fiscal years beginning after November 15, 2007, and for interim periods within those fiscal years. We are currently evaluating the potential impact of the adoption of Statement 157 on our financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "THE FAIR VALUE OPTION FOR FINANCIAL ASSETS AND FINANCIAL LIABILITIES, INCLUDING AN AMENDMENT OF FASB STATEMENT NO. 115". Statement 159 permits entities to choose to measure many financial instruments, such as available-for-sale securities, and certain other items at fair value and to recognize the changes in fair value of such instruments in the entity's statement of operations. Currently under Statement of Financial Accounting Standards No. 115, entities are required to recognize changes in fair value of available-for-sale securities in the balance sheet in accumulated other comprehensive earnings. Statement 159 is effective as of the beginning of an entity's fiscal year that begins after November 15,

<Page>
2007. We are currently evaluating the potential impacts of Statement 159 on our financial statements and have not made a determination as to which of our financial instruments, if any, we will choose to apply the provisions of Statement 159.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the normal course of business due to our ongoing investing and financing activities and our subsidiaries in different foreign countries. Market risk refers to the risk of loss arising from adverse changes in stock prices, interest rates and foreign currency exchange rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks.

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We have achieved this mix by (i) issuing fixed-rate debt that we believe has a low stated interest rate and significant term to maturity and (ii) issuing variable rate debt with appropriate maturities and interest rates. As of March 31, 2007, the face amount of the Interactive Group's fixed rate debt (considering the effects of interest rate swap agreements) was $5,372 million, which had a weighted average interest rate of 6.4%. The Interactive Group's variable rate debt of $979 million had a weighted average interest rate of 7.7% at March 31, 2007. As of March 31, 2007, the face amount of the Capital Group's fixed rate debt was $4,486 million, which had a weighted average interest rate of 2.5%.

Each of the Interactive Group and the Capital Group are exposed to changes in stock prices primarily as a result of our significant holdings in publicly traded securities. We continually monitor changes in stock markets, in general, and changes in the stock prices of our holdings, specifically. We believe that changes in stock prices can be expected to vary as a result of general market conditions, technological changes, specific industry changes and other factors. We use equity collars, written put and call options and other financial instruments to manage market risk associated with certain investment positions. These instruments are recorded at fair value based on option pricing models.

Among other factors, changes in the market prices of the securities underlying our AFS Derivatives affect the fair market value of such AFS Derivatives. The following table illustrates the impact that changes in the market price of the securities underlying our equity collars that have been attributed to the Capital Group would have on the fair market value of such derivatives. Such changes in fair market value would be included in realized and unrealized gains (losses) on financial instruments in our statement of operations.

<Table>
<Caption>

	ESTIMATED AGGREGATE FAIR VALUE		
	EQUITY COLLARS	OTHER	TOTAL
	AMOUNTS IN MILLIONS		
<S>	<C>	<C>	<C>
Fair value at March 31, 2007	$ 789	174	963
5% increase in market prices	$ 655	199	854
10% increase in market prices	$ 519	224	743
5% decrease in market prices	$ 918	150	1,068
10% decrease in market prices	$1,045	125	1,170

</Table>

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At March 31, 2007, the fair value of our AFS securities attributed to the Interactive Group was $2,610 million and the fair value of our AFS securities attributed to the Capital Group was $19,593 million. Had the market price of such securities been 10% lower at March 31, 2007, the aggregate value of such securities would have been $261 million and $1,959 million lower, respectively, resulting in a decrease to unrealized holding gains in other comprehensive earnings (loss). The decrease attributable to the Capital Group would be partially offset by an increase in the value of our AFS Derivatives as noted in the table above.

From time to time and in connection with certain of our AFS Derivatives, we borrow shares of the underlying securities from a counterparty and deliver these borrowed shares in settlement of maturing derivative positions. In these transactions, a similar number of shares that we have attributed to the Capital Group have been posted as collateral with the counterparty. These share borrowing arrangements can be terminated at any time at our option by delivering shares to the counterparty. The counterparty can terminate these arrangements at any time. The liability under these share borrowing arrangements is marked to market each reporting period with changes in value recorded in unrealized gains or losses in the Capital Group's attributed statement of operations. The shares posted as collateral under these arrangements continue to be treated as AFS securities and are marked to market each reporting period with changes in value recorded as unrealized gains or losses in other comprehensive earnings.

The Interactive Group is exposed to foreign exchange rate fluctuations related primarily to the monetary assets and liabilities and the financial results of QVC's foreign subsidiaries. Assets and liabilities of foreign subsidiaries for which the functional currency is the local currency are translated into U.S. dollars at period-end exchange rates and the statements of operations are generally translated at the average exchange rate for the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. dollars that result in unrealized gains or losses are referred to as translation adjustments. Cumulative translation adjustments are recorded in other comprehensive earnings (loss) as a separate component of stockholders' equity. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses, which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from our operations in foreign countries are generally translated at the average rate for the period. Accordingly, the Interactive Group may experience economic loss and a negative impact on earnings and equity with respect to our holdings solely as a result of foreign currency exchange rate fluctuations.

We periodically assess the effectiveness of our derivative financial instruments. With regard to interest rate swaps, we monitor the fair value of interest rate swaps as well as the effective interest rate the interest rate swap yields, in comparison to historical interest rate trends. We believe that any losses incurred with regard to interest rate swaps would be offset by the effects of interest rate movements on the underlying debt facilities. With regard to equity collars, we monitor historical market trends relative to values currently present in the market. We believe that any unrealized losses incurred with regard to equity collars and swaps would be offset by the effects of fair value changes on the underlying assets. These measures allow our management to measure the success of its use of derivative instruments and to determine when to enter into or exit from derivative instruments.

Our derivative instruments are executed with counterparties who are well known major financial institutions with high credit ratings. While we believe these derivative instruments effectively manage the risks highlighted above, they are subject to counterparty credit risk. Counterparty credit risk is the risk that the counterparty is unable to perform under the terms of the derivative instrument upon

<Page>
settlement of the derivative instrument. To protect ourselves against credit risk associated with these counterparties we generally:

- execute our derivative instruments with several different counterparties, and

- execute equity derivative instrument agreements which contain a provision that requires the counterparty to post the "in the money" portion of the derivative instrument into a cash collateral account for our benefit, if the respective counterparty's credit rating for its senior unsecured debt were to reach certain levels, generally a rating that is below Standard & Poor's rating of A- and/or Moody's rating of A3.

Due to the importance of these derivative instruments to our risk management strategy, we actively monitor the creditworthiness of each of these counterparties. Based on our analysis, we currently consider nonperformance by any of our counterparties to be unlikely.

INTERACTIVE GROUP

The Interactive Group consists of our subsidiaries QVC, Provide and BuySeasons, our interests in IAC/InterActiveCorp, Expedia and GSI Commerce, Inc. and $3,108 million principal amount (as of March 31, 2007) of our existing publicly-traded debt.

The following discussion and analysis provides information concerning the results of operations and financial condition of the Interactive Group. Although our restructuring was not completed until May 9, 2006, the following discussion is presented as though the restructuring had been completed on January 1, 2006. The results of operations of Provide and BuySeasons are included in Corporate and Other since their respective date of acquisition in the tables below. Fluctuations in Corporate and Other from 2006 to 2007 are due primarily to the acquisitions of Provide in February 2006 and BuySeasons in August 2006. This discussion should be read in conjunction with (1) our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q and (2) the Attributed Financial Information for Tracking Stock Groups filed as Exhibit 99.1 to this Quarterly Report on Form 10-Q.

MATERIAL CHANGES IN RESULTS OF OPERATIONS

<Table>
<Caption>

	THREE MONTHS ENDED MARCH 31, 2007	2006
	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
REVENUE		
QVC	$1,684	1,555
Corporate and Other	87	53
	$1,771	1,608
OPERATING CASH FLOW		
QVC	$ 374	355
Corporate and Other	8	10
	$ 382	365
OPERATING INCOME		
QVC	$ 243	212
Corporate and Other	1	6

	$ 244	218

</Table>

<Page>

QVC. QVC is a retailer of a wide range of consumer products, which are marketed and sold primarily by merchandise-focused televised shopping programs and via the Internet. In the United States, the program is aired live through its nationally televised shopping network--24 hours a day, 7 days a week ("QVC-US"). Internationally, QVC has electronic retailing program services based in the United Kingdom ("QVC-UK"), Germany ("QVC-Germany") and Japan ("QVC-Japan"). QVC-UK broadcasts 24 hours a day with 17 hours of live programming, and QVC-Germany and QVC-Japan each broadcast live 24 hours a day.

QVC's operating results are as follows:

<Table>
<Caption>

	THREE MONTHS ENDED MARCH 31,	
	2007	2006
	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
Net revenue	$ 1,684	1,555
Cost of sales	(1,060)	(971)
Gross profit	624	584
Operating expenses	(141)	(131)
SG&A expenses (excluding stock-based compensation)	(109)	(98)
Operating cash flow	374	355
Stock-based compensation--SG&A	(11)	(25)
Depreciation and amortization	(120)	(118)
Operating income	$ 243	212

</Table>

Net revenue is generated in the following geographic areas:

<Table>
<Caption>

	THREE MONTHS ENDED MARCH 31,	
	2007	2006
	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
QVC-US	$1,174	1,088
QVC-UK	152	134
QVC-Germany	215	195
QVC-Japan	143	138
	$1,684	1,555

</Table>

QVC's consolidated net revenue increased 8.3% during the three months ended March 31, 2007, as compared to the corresponding prior year period. The increase in revenue is comprised of a $76 million increase due to a 4.6% increase in the number of units shipped from 37.2 million to 38.9 million, a $22 million increase due to a 1.1% increase in the average sales price per unit ("ASP") and a $30 million increase due to favorable foreign currency rates as the U.S. dollar weakened against the UK pound sterling and the euro. In addition, returns as a percent of gross product revenue decreased from 19.3% for the three months ended March 31, 2006 to 19.0% in 2007 due to a shift in the sales mix from jewelry products to accessory products, which typically have lower return rates.

<Page>

The number of homes receiving QVC's services are as follows:

<Table>
<Caption>

	HOMES (IN MILLIONS)	
	MARCH 31,	DECEMBER 31,

	2007	2006
QVC-US	91.2	90.7
QVC-UK	20.2	19.4
QVC-Germany	37.6	37.5
QVC-Japan	19.6	18.7

The QVC service is already received by substantially all of the cable television and direct broadcast satellite homes in the U.S. and Germany. In addition, the rate of growth in households is expected to diminish in the UK and Japan. As these markets continue to mature, QVC also expects its consolidated rate of growth in revenue to diminish. Future sales growth will primarily depend on continued additions of new customers from homes already receiving the QVC service and continued growth in sales to existing customers. QVC's future sales may also be affected by (i) the willingness of cable and satellite distributors to continue carrying QVC's programming service, (ii) QVC's ability to maintain favorable channel positioning, which may become more difficult as distributors convert analog customers to digital, (iii) changes in television viewing habits because of personal video recorders, video-on-demand and IP television and (iv) general economic conditions.

As noted above, during the three months ended March 31, 2007, the changes in revenue and expenses were also impacted by fluctuations in the exchange rates for the UK pound sterling, the euro and the Japanese yen. In the event the U.S. dollar strengthens against these foreign currencies in the future, QVC's reported revenue and operating cash flow will be negatively impacted. The percentage increase in revenue for each of QVC's geographic areas in U.S. dollars and in local currency is as follows:

	PERCENTAGE INCREASE IN NET REVENUE	
	THREE MONTHS ENDED MARCH 31, 2007	
	U.S. DOLLARS	LOCAL CURRENCY
QVC-US	7.9%	7.9%
QVC-UK	13.4%	1.4%
QVC-Germany	10.3%	1.5%
QVC-Japan	3.6%	5.7%

QVC's gross profit percentage decreased from 37.6% to 37.1% during the three months ended March 31, 2007, as compared to the corresponding prior year period. The decrease is due primarily to a higher inventory obsolescence provision in 2007 in all countries and lower product margins in Germany.

QVC's operating expenses are principally comprised of commissions, order processing and customer service expenses, provision for doubtful accounts, telecommunications expense and credit card processing fees. Operating expenses increased 7.6% for the three months ended March 31, 2007, as compared to the corresponding prior year period. This increase is primarily due to the increase in sales volume. As a percentage of net revenue, operating expenses remained consistent at 8.4% for the three months ended March 31, 2007 and 2006.

QVC's SG&A expenses include personnel, information technology, marketing and advertising expenses. Such expenses increased 11.2% for the three months ended March 31, 2007, as compared to the corresponding prior year period. Such increase is due primarily to (i) a $6 million increase in

<Page>

personnel expenses due to merit increases and headcount increases and (ii) a $5 million accrual for a legal settlement.

QVC's operating cash flow increased 5.4% for the three months ended March 31, 2007, as compared to the corresponding prior year period. Such percentage increase in operating cash flow was less than the percentage increase in revenue primarily due to the decrease in gross profit percentage discussed above, as well as the $5 million accrual for a legal settlement included in SG&A expenses.

CAPITAL GROUP

The Capital Group is comprised of our subsidiaries and assets not attributed to the Interactive Group, including controlling interests in Starz Entertainment, Starz Media, TruePosition and FUN, as well as minority investments in GSN, LLC, WildBlue Communications, News Corporation, Time Warner Inc., Sprint Nextel Corporation and other public and private companies and $4,482 million principal amount (as of March 31, 2007) of our existing publicly-traded debt.

We acquired Starz Media from IDT Corporation in the third quarter of 2006. Starz Media's operations include animated feature film production, proprietary live action and animated series production, contracted 2D animation production and DVD distribution.

The following discussion and analysis provides information concerning the attributed results of operations and financial condition of the Capital Group. Although our restructuring was not completed until May 9, 2006, the following discussion is presented as though the restructuring had been completed on January 1, 2006. This discussion should be read in conjunction with (1) our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q and (2) the Attributed Financial Information for Tracking Stock Groups filed as Exhibit 99.1 to this Quarterly Report on Form 10-Q.

MATERIAL CHANGES IN RESULTS OF OPERATIONS

<Table>
<Caption>

	THREE MONTHS ENDED MARCH 31,	
	2007	2006
	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
REVENUE		
Starz Entertainment	$265	259
Corporate and Other	87	34
	$352	293
OPERATING CASH FLOW (DEFICIT)		
Starz Entertainment	$ 73	41
Corporate and Other	(33)	(11)
	$ 40	30
OPERATING INCOME (LOSS)		
Starz Entertainment	$ 60	33
Corporate and Other	(55)	(27)
	$ 5	6

</Table>

REVENUE. The Capital Group's combined revenue increased $59 million or 20.1% for the three months ended March 31, 2007, as compared to the corresponding prior year period. In addition to the

<Page>

increase for Starz Entertainment, Starz Media, which we acquired in August 2006, generated $61 million and FUN increased $12 million. These increases were partially offset by a $24 million decrease for TruePosition. In November 2006, TruePosition signed an amendment to its existing services contract with Cingular Wireless that requires TruePosition to develop and deliver additional software features. Because vendor specific objective evidence related to the value of these additional features does not exist, TruePosition is required to defer revenue recognition until all of the features have been delivered. TruePosition estimates that these features will be delivered in the first quarter of 2008. Accordingly, absent any further contractual changes, TruePosition will not recognize any revenue under this contract until 2008.

OPERATING CASH FLOW. The Capital Group's Operating Cash Flow increased $10 million or 33.3% during the three months ended March 31, 2007, as compared to the corresponding prior year period. This increase is due primarily to Starz Entertainment partially offset by an $18 million decrease at TruePosition and an operating cash flow deficit generated by Starz Media of $10 million.

OPERATING INCOME. The Capital Group's operating income decreased $1 million for the three months ended March 31, 2007, as compared to the corresponding prior year period. The improvement in operating income for Starz Entertainment was more than offset by operating losses for TruePosition and Starz Media.

STARZ ENTERTAINMENT. Historically, Starz Entertainment has provided premium programming distributed by cable operators, direct-to-home satellite providers and other distributors throughout the United States. In addition, Starz

Entertainment has launched Vongo, a subscription Internet service which is comprised of Starz and other movie and entertainment content. Vongo also offers content on a pay-per-view basis. Substantially all of Starz Entertainment's revenue continues to be derived from the delivery of movies to subscribers under affiliation agreements with television video programming distributors. Some of Starz Entertainment's affiliation agreements provide for payments to Starz Entertainment based on the number of subscribers that receive Starz Entertainment's services. Starz Entertainment also has fixed-rate affiliation agreements with certain of its customers. Pursuant to these agreements, the customers generally pay an agreed-upon rate regardless of the number of subscribers. The agreed-upon rate is contractually increased annually or semi-annually as the case may be, and these agreements expire in 2007 through 2012. During the three months ended March 31, 2007, 70.3% of Starz Entertainment's revenue was generated by its four largest customers, Comcast, Echostar Communications, DirecTV and Time Warner, each of which individually generated more than 10% Starz Entertainment's revenue for such period. Starz Entertainment's affiliation agreement with DirecTV expired June 30, 2006. In addition, the affiliation agreement with Time Warner, which originally expired on December 31, 2006, has been extended through June 30, 2007. Starz Entertainment is currently in negotiations with DirecTV and Time Warner regarding new agreements. There can be no assurance that any new agreements with DirecTV or Time Warner will have economic terms comparable to the old agreements.

<Page>

Starz Entertainment's operating results are as follows:

<Table>
<Caption>

	THREE MONTHS ENDED MARCH 31, 2007	THREE MONTHS ENDED MARCH 31, 2006
	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
Revenue	$265	259
Operating expenses	(167)	(189)
SG&A expenses	(25)	(29)
Operating cash flow	73	41
Stock-based compensation	(7)	--
Depreciation and amortization	(6)	(8)
Operating income	$ 60	33

</Table>

Starz Entertainment's revenue increased $6 million or 2.3% for the three months ended March 31, 2007, as compared to the corresponding prior year period. The increase is due to a $16 million increase resulting from growth in the average number of subscription units for Starz Entertainment's services partially offset by a $10 million decrease due to a decrease in the effective rate for Starz Entertainment's services.

Starz Entertainment's Starz movie service and its Encore movie service are the primary drivers of Starz Entertainment's revenue. Starz average subscriptions increased 9.1% for the three months ended March 31, 2007, and Encore average subscriptions increased 6.4%. The effects of these increases in subscription units are somewhat mitigated by Starz Entertainment's fixed-rate affiliation agreements. In this regard, approximately 38% of Starz Entertainment's revenue was earned under its fixed-rate affiliation agreements during the three months ended March 31, 2007.

At March 31, 2007, cable, DTH satellite, and other distribution media represented 66.5%, 32.0% and 1.5%, respectively, of Starz Entertainment's total subscription units.

Starz Entertainment's operating expenses decreased 11.6% for the three months ended March 31, 2007, due primarily to a reduction in programming costs, which decreased from $179 million for the three months ended March 31, 2006 to $157 million in 2007. The decrease in programming costs is due primarily to a lower effective rate for the movie titles exhibited in 2007. Such decrease was partially offset by an increase in programming costs due to a higher percentage of first-run movie exhibitions (which have a relatively higher cost per title) as compared to the number of library product exhibitions.

Starz Entertainment expects that its full-year programming costs in 2007 will be 6%-9% lower than the 2006 costs due to Starz Entertainment receiving fewer first-run titles under certain of its output arrangements in 2007 and a lower effective rate for certain titles. This estimate is subject to a number of assumptions that could change depending on the number and timing of movie titles actually becoming available to Starz Entertainment and their ultimate box office performance. Accordingly, the actual amount of costs experienced by Starz Entertainment may differ from the amounts noted above.

Starz Entertainment's SG&A expenses decreased 13.8% for the three months ended March 31, 2007, as compared to the corresponding prior year period. The three-month decrease is due primarily to lower sales and marketing expenses of $3 million due to fewer national marketing campaigns and lower marketing support payments in 2007. To a certain extent, the timing of such campaigns and support payments are determined by Starz Entertainment's affiliates, and Starz Entertainment currently expects its full year 2007 sales and marketing expenses to approximate those of 2006.

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ITEM 4. CONTROLS AND PROCEDURES

In accordance with Exchange Act Rules 13a-15 and 15d-15, the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer, principal accounting officer and principal financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of March 31, 2007 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There has been no change in the Company's internal controls over financial reporting identified in connection with the evaluation described above that occurred during the three months ended March 31, 2007 that has materially affected, or is reasonably likely to materially affect, its internal controls over financial reporting.

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PART II--OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding institution of, or material changes in, material legal proceedings that have been reported this fiscal year, reference is made to Part I, Item 3 of our Annual Report on Form 10-K filed on March 1, 2007. Except as described below, there have been no material developments in such legal proceedings during the three months ended March 31, 2007.

KLESCH & COMPANY LIMITED V. LIBERTY MEDIA CORPORATION, JOHN C. MALONE AND ROBERT R. BENNETT. In March 2005, the United States District Court for the District of Colorado entered a judgment in our favor and in favor of Messrs. Malone and Bennett with respect to the plaintiff's claims for damages arising from a failed attempt to acquire six regional cable television companies in Germany. In April 2007, the United States Court of Appeals for the Tenth Circuit affirmed the judgment entered by the trial court. We have not been notified as to whether the plaintiff will appeal that decision.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) N/A

(b) N/A

(c) Purchases of Equity Securities by the Issuer

<Table>
<Caption>

	LIBERTY INTERACTIVE SERIES A COMMON STOCK			
PERIOD	(A) TOTAL NUMBER OF SHARES PURCHASED	(B) AVERAGE PRICE PAID PER SHARE	(C) TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	(D) MAXIMUM NUMBER (OR APPROXIMATE DOLLAR VALUE) OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS
<S>	<C>	<C>	<C>	<C>
January 2007............	725,217	$22.60	725,217	$1,030.8 million
February 2007...........	504,100	$23.91	504,100	$1,018.7 million
March 2007..............	251,800	$23.62	251,800	$1,012.7 million
Total...................	1,481,117		1,481,117	

</Table>

Liberty's program to repurchase shares of Liberty Interactive common stock was approved by its board of directors and disclosed in its 2006 Annual Proxy dated April 7, 2006. In November 2006, Liberty's board of directors increased the aggregate amount of Liberty Interactive common stock that can be repurchased from $1 billion to $2 billion. Liberty may alter or terminate the program at any time.

In addition to the shares listed in the table above, 399 shares of Liberty Capital Series A common stock and 726 shares of Liberty Interactive Series A common stock were surrendered in March 2007 by certain of our officers to pay withholding for vested restricted stock.

<Page>
ITEM 6. EXHIBITS

(a) Exhibits

Listed below are the exhibits which are filed as a part of this Report (according to the number assigned to them in Item 601 of Regulation S-K):

<Table>

<C>	<S>
10.1	Letter Agreement regarding personal use of Liberty's aircraft, dated as of April 2, 2007, between Gregory B. Maffei and Liberty.*
31.1	Rule 13a-14(a)/15d-14(a) Certification*
31.2	Rule 13a-14(a)/15d-14(a) Certification*
31.3	Rule 13a-14(a)/15d-14(a) Certification*
32	Section 1350 Certification*
99.1	Attributed Financial Information for Tracking Stock Groups*

</Table>

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* Filed herewith

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

<Table>

<S>	<C>	<C>	<C>
	LIBERTY MEDIA CORPORATION		
Date: May 8, 2007	By:	/s/	GREGORY B. MAFFEI -- Gregory B. Maffei President and Chief Executive Officer
Date: May 8, 2007	By:	/s/	DAVID J.A. FLOWERS -- David J.A. Flowers Senior Vice President and Treasurer (Principal Financial Officer)
Date: May 8, 2007	By:	/s/	CHRISTOPHER W. SHEAN -- Christopher W. Shean Senior Vice President and Controller (Principal Accounting Officer)

</Table>

<Page>

EXHIBIT INDEX

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32	Section 1350 Certification*
99.1	Attributed Financial Information for Tracking Stock Groups*

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*   Filed herewith

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EXHIBIT 10.1

April 2, 2007

Mr. Gregory B. Maffei
Liberty Media Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112

Re: Personal Use of Company Aircraft

Dear Greg:

This letter (this "Agreement") sets forth our agreement with respect to your personal use of aircraft (the "Aircraft") owned or leased by Liberty Media Corporation ("LMC").

1. USE OF AIRCRAFT. During the Term (as defined below), you may use up to $250,000 per year worth of flight time (the "Annual Allotment") on the Aircraft for personal use ("Personal Flight Time"). For purposes of this paragraph, the amount of Personal Flight Time charged against the Annual Allotment will be determined by reference to the "aggregate incremental cost" (within the meaning of Item 402(c) of Regulation S-K under the Securities Exchange Act of 1934, as currently in effect) to LMC of your personal use of the Aircraft. You may schedule Personal Flight Time with LMC's flight department subject to availability of the Aircraft. At no time will LMC have any obligation to pay you for any unused Annual Allotment and LMC will have no obligation to continue to own or lease any Aircraft.

2. IRS REPORTING. The fair market value of Personal Flight Time will be reflected as income on your W-2 in accordance with applicable IRS regulations based on the Standard Industry Fare Level formula ("SIFL") pursuant to 26 C.F.R. Section 1.61-21(g) or a comparable successor provision.

3. TERM. The term of this Agreement (the "Term") will be deemed to have commenced on January 1, 2007 and will expire on the earliest of (i) December 31, 2011, (ii) the date that you cease to be employed by LMC and (iii) the date that LMC ceases to own or lease any Aircraft (the "Termination Date"). LMC will have no further obligation to you under this Agreement as of the Termination Date and any unused Annual Allotment will expire.

4. GOVERNING LAW. This Agreement will be governed by, and will be construed and enforced in accordance with, the laws of the State of Colorado without regard to the conflicts of laws principles of that jurisdiction.

5. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes any and all previous written or oral representations, promises, agreements or understandings of whatever nature between the parties with respect to the subject matter. This Agreement may not be altered or amended except by an agreement in writing signed by both parties. This Agreement may be signed in counterparts.

<Page>

If you are in agreement with the foregoing, please execute the enclosed copy of this letter.

<Table>
<Caption>
Very truly yours,
<S> <C> <C>
LIBERTY MEDIA CORPORATION

By:

Charles Y. Tanabe
Executive Vice President

AGREED:

- ---
Gregory B. Maffei
</Table>

<Page>

EXHIBIT 31.1

CERTIFICATION

I, Gregory B. Maffei, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Media Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and

d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

<Table>
<S> <C> <C>
Date: May 8, 2007

</Table>

<Table>
<S> <C>
/s/ GREGORY B. MAFFEI
- -----------------------------------
Gregory B. Maffei
President and Chief Executive Officer
</Table>

<Page>

EXHIBIT 31.2

CERTIFICATION

I, David J.A. Flowers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Media Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and

d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

<Table>
<S> <C> <C>
Date: May 8, 2007

</Table>

<Table>
<S> <C>
/s/ DAVID J.A. FLOWERS
- -----------------------------------
David J.A. Flowers
Senior Vice President and Treasurer
</Table>

<Page>

EXHIBIT 31.3

CERTIFICATION

I, Christopher W. Shean, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Media Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and

d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

<Table>
<S> <C> <C>
Date: May 8, 2007

</Table>

<Table>
<S> <C>
/s/ CHRISTOPHER W. SHEAN
- ------------------------------------
Christopher W. Shean
Senior Vice President and Controller
</Table>

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EXHIBIT 32

CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(SUBSECTIONS (A) AND (B) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Liberty Media Corporation, a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ended March 31, 2007 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of March 31, 2007 and December 31, 2006 and for the three months ended March 31, 2007 and 2006.

<Table>

<S>	<C>	<C>
Dated:	May 8, 2007	/s/ GREGORY B. MAFFEI
		Gregory B. Maffei President and Chief Executive Officer
Dated:	May 8, 2007	/s/ DAVID J.A. FLOWERS
		David J.A. Flowers Senior Vice President and Treasurer (Principal Financial Officer)
Dated:	May 8, 2007	/s/ CHRISTOPHER W. SHEAN
		Christopher W. Shean Senior Vice President and Controller (Principal Accounting Officer)

</Table>

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

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EXHIBIT 99.1

ATTRIBUTED FINANCIAL INFORMATION FOR TRACKING STOCK GROUPS

Our Liberty Interactive common stock is intended to reflect the separate performance of our Interactive Group which is comprised of our businesses engaged in video and on-line commerce, including our subsidiaries, QVC, Inc., Provide Commerce, Inc. and BuySeasons, Inc. and our interests in IAC/InterActiveCorp and Expedia, Inc. Our Liberty Capital common stock is intended to reflect the separate performance of our Capital Group which is comprised of all of our assets and businesses not attributed to the Interactive Group.

The following tables present our assets, liabilities, revenue, expenses and cash flows as of and for the three months ended March 31, 2007 and 2006. The tables further present our assets, liabilities, revenue, expenses and cash flows that are attributed to the Interactive Group and the Capital Group, respectively. The financial information should be read in conjunction with our unaudited financial statements for the three months ended March 31, 2007 included in this Quarterly Report on Form 10-Q. The attributed financial information presented in the tables has been prepared assuming the restructuring had been completed as of January 1, 2006.

Notwithstanding the following attribution of assets, liabilities, revenue, expenses and cash flows to the Interactive Group and the Capital Group, the restructuring does not affect the ownership or the respective legal title to our assets or responsibility for our liabilities. We and our subsidiaries each continue to be responsible for our respective liabilities. Holders of Liberty Interactive common stock and Liberty Capital common stock are holders of our common stock and continue to be subject to risks associated with an investment in our company and all of our businesses, assets and liabilities. The issuance of Liberty Interactive common stock and Liberty Capital common stock does not affect the rights of our creditors or creditors of our subsidiaries.

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SUMMARY ATTRIBUTED FINANCIAL DATA

INTERACTIVE GROUP

	MARCH 31, 2007	DECEMBER 31, 2006
	AMOUNTS IN MILLIONS	
SUMMARY BALANCE SHEET DATA:		
Current assets	$ 2,805	2,984
Cost investments	$ 2,610	2,572
Equity investments	$ 1,372	1,358
Total assets	$19,647	19,820
Long-term debt, including current portion	$ 6,334	6,383
Deferred income tax liabilities	$ 3,068	3,057
Attributed net assets	$ 8,739	8,561

	THREE MONTHS ENDED MARCH 31, 2007	2006
	AMOUNTS IN MILLIONS	
SUMMARY OPERATIONS DATA:		
Revenue	$ 1,771	1,608
Cost of goods sold	(1,110)	(1,000)
Operating expenses	(144)	(132)
Selling, general and administrative expenses(1)	(148)	(138)
Depreciation and amortization	(125)	(120)
Operating income	244	218
Interest expense	(114)	(93)
Other income, net	28	34
Income tax expense	(60)	(76)
Minority interests in earnings of subsidiaries	(7)	(8)
Earnings before cumulative effect of accounting change	91	75
Cumulative effect of accounting change, net of taxes	--	(87)
Net earnings (loss)	$ 91	(12)

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(1) Includes stock-based compensation of $13 million and $27 million for the three months ended March 31, 2007 and 2006, respectively.

<Page>

SUMMARY ATTRIBUTED FINANCIAL DATA

CAPITAL GROUP

<Table>
<Caption>

	MARCH 31, 2007	DECEMBER 31, 2006
	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
SUMMARY BALANCE SHEET DATA:		
Current assets	$ 3,593	3,776
Cost investments	$19,627	19,050
Equity investments	$ 500	484
Total assets	$28,127	27,849
Long-term debt, including current portion	$ 4,170	2,640
Deferred income tax liabilities	$ 6,730	6,604
Attributed net assets	$13,756	13,072

</Table>

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	THREE MONTHS ENDED MARCH 31,	
	2007	2006
	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
SUMMARY OPERATIONS DATA:		
Revenue	$ 352	293
Operating expenses	(240)	(213)
Selling, general and administrative expenses(1)	(81)	(53)
Depreciation and amortization	(26)	(21)
Operating income	5	6
Interest expense	(36)	(55)
Realized and unrealized gains (losses) on derivative instruments, net	342	(213)
Gain on dispositions, net	6	24
Other income, net	58	54
Income tax benefit (expense)	(142)	176
Minority interests in losses of subsidiaries	3	2
Earnings (loss) from continuing operations	236	(6)
Earnings (loss) from discontinued operations, net of taxes	42	(6)
Cumulative effect of accounting change, net of taxes	--	(2)
Net earnings (loss)	$ 278	(14)

</Table>

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(1) Includes stock-based compensation of $9 million and $3 million for the three months ended March 31, 2007 and 2006, respectively.

<Page>

BALANCE SHEET INFORMATION

MARCH 31, 2007

(UNAUDITED)

<Table>
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ATTRIBUTED (NOTE 1)			
INTERACTIVE GROUP	CAPITAL GROUP	ELIMINATIONS	CONSOLIDATED LIBERTY

<S>	<C>	<C>	<C>	<C>
	AMOUNTS IN MILLIONS			
ASSETS				
Current assets:				
Cash and cash equivalents	$ 885	2,085	--	2,970
Trade and other receivables, net	809	369	--	1,178
Inventory, net	885	--	--	885
Program rights	--	517	--	517
Financial instruments (note 2)	9	284	--	293
Current deferred tax assets	170	--	(151)	19
Other current assets	47	55	--	102
Assets of discontinued operations	--	283	--	283
Total current assets	2,805	3,593	(151)	6,247
Investments in available-for-sale securities and other cost investments	2,610	19,627	--	22,237
Long-term financial instruments (note 2)	--	1,176	--	1,176
Investments in affiliates, accounted for using the equity method	1,372	500	--	1,872
Property and equipment, net	964	230	--	1,194
Goodwill	5,729	1,846	--	7,575
Trademarks	2,450	21	--	2,471
Intangible assets subject to amortization, net	3,674	136	--	3,810
Other assets, at cost, net of accumulated amortization	43	998	--	1,041
Total assets	$19,647	28,127	(151)	47,623
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable	$ 447	28	--	475
Accrued interest	64	26	--	90
Other accrued liabilities	552	361	--	913
Intergroup payable (receivable)	56	(56)	--	--
Financial instruments (note 2)	--	1,322	--	1,322
Current portion of debt (note 3)	14	165	--	179
Current deferred tax liabilities	--	151	(151)	--
Other current liabilities	49	29	--	78
Liabilities of discontinued operations	--	43	--	43
Total current liabilities	1,182	2,069	(151)	3,100
Long-term debt (note 3)	6,320	4,005	--	10,325
Long-term financial instruments (note 2)	17	367	--	384
Deferred income tax liabilities (note 5)	3,068	6,730	--	9,798
Other liabilities	243	1,139	--	1,382
Total liabilities	10,830	14,310	(151)	24,989
Minority interests in equity of subsidiaries	78	61	--	139
Equity/Attributed net assets	8,739	13,756	--	22,495
Total liabilities and equity	$19,647	28,127	(151)	47,623

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STATEMENT OF OPERATIONS AND COMPREHENSIVE EARNINGS INFORMATION

THREE MONTHS ENDED MARCH 31, 2007

(UNAUDITED)

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	ATTRIBUTED (NOTE 1)		
	INTERACTIVE GROUP	CAPITAL GROUP	CONSOLIDATED LIBERTY
	AMOUNTS IN MILLIONS		
<S>	<C>	<C>	<C>
Revenue:			
Net retail sales	$1,771	--	1,771
Communications and programming services	--	352	352
	1,771	352	2,123
Operating costs and expenses:			
Cost of sales	1,110	--	1,110
Operating	144	240	384
Selling, general and administrative (including stock-based compensation of $13 million and $9 million for			

Interactive Group and Capital Group, respectively (notes 1 and 3)	148	81	229
Depreciation and amortization	125	26	151
	1,527	347	1,874
Operating income	244	5	249
Other income (expense):			
Interest expense	(114)	(36)	(150)
Dividend and interest income	11	64	75
Share of earnings (losses) of affiliates, net	15	(6)	9
Realized and unrealized gains on financial instruments, net	2	342	344
Gains on dispositions, net	--	6	6
	(86)	370	284
Earnings from continuing operations before income taxes and minority interests	158	375	533
Income tax expense (note 5)	(60)	(142)	(202)
Minority interests in losses (earnings) of subsidiaries	(7)	3	(4)
Earnings from continuing operations	91	236	327
Earnings from discontinued operations, net of taxes	--	42	42
Net earnings	$ 91	278	369
Other comprehensive earnings (loss), net of taxes:			
Foreign currency translation adjustments	12	(1)	11
Unrealized holding gains arising during the period	17	258	275
Recognition of previously unrealized gains on available-for-sale securities, net	--	(4)	(4)
Other comprehensive earnings	29	253	282
Comprehensive earnings	$ 120	531	651

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STATEMENT OF OPERATIONS AND COMPREHENSIVE EARNINGS INFORMATION

THREE MONTHS ENDED MARCH 31, 2006

(UNAUDITED)

<Table>
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	ATTRIBUTED (NOTE 1)		
	INTERACTIVE GROUP	CAPITAL GROUP	CONSOLIDATED LIBERTY
	AMOUNTS IN MILLIONS		
<S>	<C>	<C>	<C>
Revenue:			
Net retail sales	$1,608	--	1,608
Communications and programming services	--	293	293
	1,608	293	1,901
Operating costs and expenses:			
Cost of sales	1,000	--	1,000
Operating	132	213	345
Selling, general and administrative (including stock-based compensation of $27 million and $3 million for Interactive Group and Capital Group, respectively) (notes 1 and 3)	138	53	191
Depreciation and amortization	120	21	141
	1,390	287	1,677
Operating income	218	6	224
Other income (expense):			
Interest expense	(93)	(55)	(148)
Dividend and interest income	9	47	56
Share of earnings of affiliates, net	4	4	8
Realized and unrealized gains (losses) on financial instruments, net	20	(213)	(193)
Gains on dispositions of assets, net	--	24	24

Other, net	1	3	4
	(59)	(190)	(249)
Earnings (loss) from continuing operations before income taxes and minority interests	159	(184)	(25)
Income tax benefit (expense) (note 5)	(76)	176	100
Minority interests in losses (earnings) of subsidiaries	(8)	2	(6)
Earnings (loss) from continuing operations	75	(6)	69
Loss from discontinued operations, net of taxes	--	(6)	(6)
Cumulative effect of accounting change, net of taxes	(87)	(2)	(89)
Net loss	$ (12)	(14)	(26)
Other comprehensive earnings (loss), net of taxes:			
Foreign currency translation adjustments	20	--	20
Unrealized holding gains arising during the period	60	401	461
Recognition of previously unrealized gains on available-for-sale securities, net	--	(15)	(15)
Other comprehensive earnings	80	386	466
Comprehensive earnings	$ 68	372	440

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STATEMENT OF CASH FLOWS INFORMATION

THREE MONTHS ENDED MARCH 31, 2007

(UNAUDITED)

<Table>
<Caption>

	ATTRIBUTED (NOTE 1)		
	INTERACTIVE GROUP	CAPITAL GROUP	CONSOLIDATED LIBERTY
	AMOUNTS IN MILLIONS		
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net earnings	$ 91	278	369
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Earnings from discontinued operations	--	(42)	(42)
Depreciation and amortization	125	26	151
Stock-based compensation	13	9	22
Payments of stock-based compensation	(18)	(2)	(20)
Noncash interest expense	1	2	3
Share of losses (earnings) of affiliates, net	(15)	6	(9)
Realized and unrealized gains on financial instruments, net	(2)	(342)	(344)
Gains on disposition of assets, net	--	(6)	(6)
Minority interests in earnings (losses) of subsidiaries	7	(3)	4
Intergroup tax payments	(68)	68	--
Other intergroup cash transfers, net	4	(4)	--
Deferred income tax expense (benefit)	(24)	188	164
Other noncash charges (credits), net	--	4	4
Changes in operating assets and liabilities, net of the effects of acquisitions:			
Current assets	120	(105)	15
Payables and other current liabilities	(121)	16	(105)
Net cash provided by operating activities	113	93	206
Cash flows from investing activities:			
Cash proceeds from dispositions	--	121	121
Net proceeds from settlement of derivatives	--	76	76
Cash paid for acquisitions, net of cash acquired	--	(6)	(6)
Capital expended for property and equipment	(82)	(5)	(87)
Net sales (purchases) of short term investments	--	(172)	(172)
Investments in and loans to cost and equity investees	--	(39)	(39)
Other investing activities, net	--	13	13
Net cash used by investing activities	(82)	(12)	(94)
Cash flows from financing activities:			
Borrowings of debt	129	2	131
Repayments of debt	(178)	(151)	(329)

Repurchases of Liberty common stock	(34)	--	(34)
Other financing activities, net	(11)	(8)	(19)
Net cash used by financing activities	(94)	(157)	(251)
Effect of foreign currency rates on cash	2	--	2
Net cash provided to discontinued operations:			
Cash provided by operating activities	--	10	10
Cash used by investing activities	--	(9)	(9)
Cash provided by financing activities	--	--	--
Change in available cash held by discontinued operations	--	(1)	(1)
Net cash provided to discontinued operations	--	--	--
Net decrease in cash and cash equivalents	(61)	(76)	(137)
Cash and cash equivalents at beginning of period	946	2,161	3,107
Cash and cash equivalents at end period	$ 885	2,085	2,970

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STATEMENT OF CASH FLOWS INFORMATION

THREE MONTHS ENDED MARCH 31, 2006

(UNAUDITED)

<Table>
<Caption>

	ATTRIBUTED (NOTE 1)		
	INTERACTIVE GROUP	CAPITAL GROUP	CONSOLIDATED LIBERTY
	AMOUNTS IN MILLIONS		
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net loss	$ (12)	(14)	(26)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:			
Loss from discontinued operations	--	6	6
Cumulative effect of accounting change	87	2	89
Depreciation and amortization	120	21	141
Stock compensation	27	3	30
Noncash interest expense	1	25	26
Share of earnings of affiliates, net	(4)	(4)	(8)
Realized and unrealized losses (gains) on financial instruments, net	(20)	213	193
Gains on disposition of assets, net	--	(24)	(24)
Minority interests in earnings (losses) of subsidiaries	8	(2)	6
Deferred income tax benefit	(34)	(114)	(148)
Other noncash charges (credits), net	(2)	13	11
Changes in operating assets and liabilities, net of the effect of acquisitions and dispositions:			
Current assets	123	(121)	2
Payables and other current liabilities	(161)	(89)	(250)
Net cash provided (used) by operating activities	133	(85)	48
Cash flows from investing activities:			
Cash proceeds from dispositions	--	137	137
Net proceeds (payments) from settlement of derivatives	(5)	189	184
Cash paid for acquisitions, net of cash acquired	(431)	(166)	(597)
Capital expended for property and equipment	(42)	(3)	(45)
Net sales of short term investments	23	103	126
Repurchases of subsidiary common stock	(26)	(3)	(29)
Other investing activities, net	--	(117)	(117)
Net cash provided (used) by investing activities	(481)	140	(341)
Cash flows from financing activities:			
Repayments of debt	(2)	--	(2)
Intergroup cash transfers, net	274	(274)	--
Other financing activities, net	20	8	28
Net cash provided (used) by financing activities	292	(266)	26
Effect of foreign currency rates on cash	3	--	3
Net cash provided to discontinued operations:			

Cash provided by operating activities	--	15	15
Cash used by investing activities	--	(14)	(14)
Cash provided by financing activities	--	(3)	(3)
Change in available cash held by discontinued operations	--	(3)	(3)
Net cash provided to discontinued operations	--	(5)	(5)
Net decrease in cash and cash equivalents	(53)	(216)	(269)
Cash and cash equivalents at beginning of period	945	951	1,896
Cash and cash equivalents at end of period	$ 892	735	1,627

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NOTES TO ATTRIBUTED FINANCIAL INFORMATION

(UNAUDITED)

(1) The assets attributed to our Interactive Group as of March 31, 2007 include our consolidated subsidiaries QVC, Inc., Provide Commerce, Inc. and BuySeasons, Inc., and our interests in IAC/ InterActiveCorp, GSI Commerce, Inc. and Expedia. Accordingly, the accompanying attributed financial information for the Interactive Group includes our investments in IAC/InterActiveCorp, Expedia and GSI, as well as the assets, liabilities, revenue, expenses and cash flows of QVC, Provide and BuySeasons. We have also attributed certain of our debt obligations (and related interest expense) to the Interactive Group based upon a number of factors, including the cash flow available to the Interactive Group and its ability to pay debt service and our assessment of the optimal capitalization for the Interactive Group. The specific debt obligations attributed to each of the Interactive Group and the Capital Group are described in note 3 below. In addition, we have allocated certain corporate general and administrative expenses between the Interactive Group and the Capital Group as described in note 4 below.

The Interactive Group focuses on video and on-line commerce businesses. Accordingly, we expect that businesses that we may acquire in the future that we believe are complementary to this strategy will also be attributed to the Interactive Group.

The Capital Group consists of all of our businesses not included in the Interactive Group, including our consolidated subsidiaries Starz Entertainment, LLC, Starz Media, LLC, FUN Technologies, Inc. and TruePosition, Inc. and our cost and equity investments in GSN, LLC, WildBlue Communications, Inc. and others. Accordingly, the accompanying attributed financial information for the Capital Group includes these investments and the assets, liabilities, revenue, expenses and cash flows of these consolidated subsidiaries. In addition, we have attributed to the Capital Group all of our notes and debentures (and related interest expense) that have not been attributed to the Interactive Group. See note 3 below for the debt obligations attributed to the Capital Group.

Any businesses that we may acquire in the future that are not attributed to the Interactive Group will be attributed to the Capital Group.

While we believe the allocation methodology described above is reasonable and fair to each group, we may elect to change the allocation methodology in the future. In the event we elect to transfer assets or businesses from one group to the other, such transfer would be made on a fair value basis and would be accounted for as a short-term loan unless our board of directors determines to account for it as a long-term loan or through an inter-group interest.

(2) Derivative instruments attributed to the Interactive Group are comprised of QVC's interest rate swap agreements and total return bond swaps that are related to the parent company debt attributed to the Interactive Group.

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NOTES TO ATTRIBUTED FINANCIAL INFORMATION (CONTINUED)

(UNAUDITED)

(3) Debt attributed to the Interactive Group and the Capital Group is comprised of the following:

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	MARCH 31, 2007	
	OUTSTANDING PRINCIPAL	CARRYING VALUE

	AMOUNTS IN MILLIONS	
<S>	<C>	<C>
Interactive Group		
7.875% Senior Notes due 2009	$ 670	667
7.75% Senior Notes due 2009	234	234
5.7% Senior Notes due 2013	802	800
8.5% Senior Debentures due 2029	500	495
8.25% Senior Debentures due 2030	902	895
QVC bank credit facilities	3,175	3,175
Other subsidiary debt	68	68
Total Interactive Group debt	6,351	6,334
Capital Group		
4% Senior Exchangeable Debentures due 2029	869	589
3.75% Senior Exchangeable Debentures due 2030	810	502
3.5% Senior Exchangeable Debentures due 2031	502	486
3.25% Senior Exchangeable Debentures due 2031	551	447
0.75% Senior Exchangeable Debentures due 2023	1,750	2,039
Subsidiary debt	107	107
Total Capital Group debt	4,589	4,170
Total debt	$10,940	10,504

</Table>

(4) Cash compensation expense for our corporate employees has been allocated between the Interactive Group and the Capital Group based on the estimated percentage of time spent providing services for each group. Stock-based compensation expense for our corporate employees has been allocated between the Interactive Group and the Capital Group based on the compensation derived from the equity awards for the respective tracking stock. Other general and administrative expenses are charged directly to the groups whenever possible and are otherwise allocated based on estimated usage or some other reasonably determined methodology. Amounts allocated from the Capital Group to the Interactive Group for each of the three month periods ended March 31, 2007 and 2006 were $3 million. While we believe that this allocation method is reasonable and fair to each group, we may elect to change the allocation methodology or percentages used to allocate general and administrative expenses in the future.

(5) We have accounted for income taxes for the Interactive Group and the Capital Group in the accompanying attributed financial information in a manner similar to a stand-alone company basis. To the extent this methodology differs from our tax sharing policy, differences have been reflected in the attributed net assets of the groups.

(6) The Liberty Interactive Stock and the Liberty Capital Stock have voting and conversion rights under our amended charter. Following is a summary of those rights. Holders of Series A common stock of each group are entitled to one vote per share and holders of Series B common stock of each group are entitled to ten votes per share. Holders of Series C common stock of each group, if issued, will be entitled to 1/100th of a vote per share in certain limited cases and will otherwise not be entitled to vote. In general, holders of Series A and Series B common stock vote as a single

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class. In certain limited circumstances, the board may elect to seek the approval of the holders of only Series A and Series B Liberty Interactive Stock or the approval of the holders of only Series A and Series B Liberty Capital Stock.

At the option of the holder, each share of Series B common stock is convertible into one share of Series A common stock of the same group. At the discretion of our board, Liberty Interactive Stock may be converted into Liberty Capital Stock at any time following the first anniversary of the restructuring. In addition, following certain group dispositions and subject to certain limitations, Liberty Capital Stock may be converted into Liberty Interactive Stock, and Liberty Interactive Stock may be converted into Liberty Capital Stock.