

UNITED STATES  
SECURITIES AND Dã



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LIBERTY MEDIA 401(k) SAVINGS PLAN

Statements of Changes in Net Assets Available  
for Participant Benefits

Years ended December 31, 2006 and 2005

<Table>

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	2006	2005
	-----	-----
	amounts in thousands	
	<C>	<C>
Contributions:		
Employer	\$ 6,657	8,289
Participant	8,471	13,808
Rollovers	2,464	1,541
	-----	-----
	17,592	23,638
	-----	-----
Net investment income (loss):		
Net appreciation (depreciation) in fair value of investments	14,632	(5,120)
Interest and dividend income	3,270	2,604
	-----	-----
	17,902	(2,516)
	-----	-----
Total contributions and net investment income (loss)	35,494	21,122
Transfers of assets (note 5)	--	(64,350)
Administrative expenses	(314)	(345)
Refund of excess contributions and earnings thereon	(740)	(1,091)
Distributions to participants	(9,450)	(25,433)
	-----	-----
Increase (decrease) in net assets available for participant benefits	24,990	(70,097)
Net assets available for participant benefits:		
Beginning of year	87,294	157,391
	-----	-----
End of year	\$112,284	87,294
	=====	=====

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See accompanying notes to financial statements.

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LIBERTY MEDIA 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2006 and 2005

(1) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of the Liberty Media 401(k) Savings Plan (the "Liberty Plan") have been prepared on the accrual basis and present the net assets available for participant benefits and the changes in those net assets. The sponsor of the Liberty Plan is Liberty Media LLC ("Liberty"), a wholly owned subsidiary of Liberty Media Corporation ("New Liberty").

TRUST FUND MANAGED BY FIDELITY MANAGEMENT TRUST COMPANY ("TRUSTEE")

Under the terms of a trust agreement between Liberty and the Trustee, the Trustee manages a trust fund on behalf of the Liberty Plan and has been granted authority concerning purchases and sales of investments for the trust fund. The Trustee may invest up to 100% of the assets of the Liberty Plan in employer securities without regard to any fiduciary requirement to diversify Liberty Plan assets. Additionally, the Liberty Plan is allowed to invest in non-employer securities.

INVESTMENTS

Investments are reflected in the accompanying financial statements at fair value. Fair value represents the closing prices for those securities having readily available market quotations.

On May 9, 2006, New Liberty completed the previously announced



maintain its qualification. The Liberty Plan administrator is not aware of any course of action or series of events that have occurred that might adversely affect the Liberty Plan's qualified status.

#### PLAN EXPENSES

Any employer contribution amounts forfeited pursuant to the terms of the Liberty Plan may be used to pay Liberty Plan expenses, except that the fees charged by the Trustee for participant loans are paid by the borrowing participant. Any additional administrative expenses of the Liberty Plan are paid by Liberty.

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### LIBERTY MEDIA 401(k) SAVINGS PLAN

#### Notes to Financial Statements

##### USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ significantly from those estimates.

##### (2) DESCRIPTION OF THE LIBERTY PLAN

The following description of the Liberty Plan is provided for general information purposes only. Participants should refer to the plan document for more complete information. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

##### GENERAL

The Liberty Plan is a defined contribution plan sponsored by Liberty, which enables participating employees of Liberty and its qualifying subsidiaries to receive an interest in New Liberty and to receive benefits upon retirement. Employees of Liberty and certain 80% or more owned subsidiaries who are at least 18 years of age and (i) have worked at least three consecutive months or (ii) have completed one year of service (as defined in the Liberty Plan document) are eligible to participate in the Liberty Plan.

##### CONTRIBUTIONS

Participants may make (i) pre-tax contributions to the Liberty Plan of up to 75% of their compensation, as defined or (ii) after-tax contributions up to 10% of their compensation. Liberty and its subsidiaries, other than On Command Corporation, Starz Media LLC and Film Roman, LLC may make matching contributions equal to 100% of participant contributions, up to a maximum match of 10% of eligible compensation. On Command Corporation, Starz Media LLC and Film Roman, LLC may make matching contributions equal to \$.50 for each \$1.00 contributed by the participants up to a maximum match of 4% of eligible compensation. Ascent Media Group, Inc. ("Ascent Media"), a former subsidiary, could make matching contributions equal to \$.50 for each \$1.00 contributed by the participants up to a maximum match of 3% of eligible compensation (note 5). All participant contributions and employer matching contributions are subject to limitations as determined annually by the IRS. Employee pre-tax contributions and combined employee pre-tax, employee after-tax and employer match contributions per participant (excluding catch-up contributions) were limited to \$15,000 and \$44,000, respectively, in 2006 and \$14,000 and \$42,000 respectively in 2005. Catch-up contributions, as defined in the Economic Growth and Tax Relief Reconciliation Act of 2001, are permitted for those eligible employees and are not matched by the employer. Liberty and its subsidiaries reserve the right to change the matching contribution amounts at any time.

Participants who are fully vested in their employer contributions can direct the employer contributions to any investment in the Liberty Plan. Employer contributions for participants who are not fully vested are invested in the Liberty Capital Stock Fund and the Liberty Interactive Stock Fund, as determined by the Plan Committee. Unvested employer contributions made in 2006 subsequent to the Restructuring were invested 45% in the Liberty Capital Stock Fund and 55% in the Liberty Interactive Stock Fund. Employee contributions may be invested in any investment in the Liberty Plan, including the Liberty Capital Stock Fund and Liberty Interactive Stock Fund.

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## LIBERTY MEDIA 401(k) SAVINGS PLAN

## Notes to Financial Statements

## NONPARTICIPANT-DIRECTED INVESTMENTS

As noted above, employer contributions of 100% vested participants can be invested in any investment in the Liberty Plan. Therefore, the accompanying statements of changes in net assets available for participant benefits do not present activity based on participant-directed and nonparticipant-directed investments. Plan information, including information regarding participant-directed and nonparticipant-directed investments, about the significant components of the changes in net assets relating to the Liberty Capital Stock Fund, the Liberty Interactive Stock Fund and the Liberty Media Stock Fund for the years ended December 31, 2006 and 2005, are as follows:

<Table>  
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	2006		2005	
	LIBERTY CAPITAL STOCK FUND	LIBERTY INTERACTIVE STOCK FUND	LIBERTY MEDIA STOCK FUND	LIBERTY MEDIA STOCK FUND
	amounts in thousands			
<S>	<C>	<C>	<C>	<C>
Balance at beginning of year	\$ --	--	28,653	48,999
Conversion of shares from Liberty Media Stock Fund (see note 1)	14,474	16,775	(31,249)	--
Contributions				
Employer	1,133	1,374	1,992	6,474
Participant	119	125	281	928
Rollovers	7	--	--	32
Interest income	6	8	7	19
Transfer of assets to Ascent Media Group 401(k) Plan	--	--	--	(5,185)
Conversion of shares to DHC Stock Fund	--	--	--	(6,401)
Net appreciation (depreciation) in fair value of stock fund	2,786	2,238	3,461	(6,945)
Net forfeiture credit	56	(44)	16	35
Distributions to participants	(628)	(701)	(1,318)	(4,791)
Exchanges out and transfer of assets	(570)	(776)	(1,739)	(4,164)
Net loan activity	2	5	(14)	(96)
Administrative expenses	(139)	(82)	(90)	(252)
	-----	-----	-----	-----
Balance at end of year	\$17,246	18,922	--	28,653
	=====	=====	=====	=====

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## ROLLOVERS

Participants may elect to rollover amounts from other qualified plans or individual retirement accounts into the Liberty Plan provided that certain conditions are met.

## PARTICIPANT ACCOUNTS

Each participant's account is credited with (a) the participant's deferral contributions, (b) employer matching contributions, and (c) allocations of plan earnings and losses, as determined by the plan document. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

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## LIBERTY MEDIA 401(k) SAVINGS PLAN

## Notes to Financial Statements

PARTICIPANT LOANS

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RISKS AND UNCERTAINTIES

The Liberty Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for participant benefits.

The Liberty Plan has concentrations of investments in the Liberty Capital Stock Fund and the Liberty Interactive Stock Fund. Changes in the values of the Liberty Capital Stock Fund and the Liberty Interactive Stock Fund could materially impact the net assets available for participant benefits due to these concentrations.

(3) INVESTMENTS

The fair value of individual investments that represent 5% or more of the Liberty Plan's net assets at December 31, 2006 and 2005 are as follows:

<Table>  
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INVESTMENT	FAIR VALUE AT DECEMBER 31,	
	2006	2005
	amounts in thousands	
	<C>	<C>
Liberty Media Stock Fund	\$ --	28,653
Liberty Capital Stock Fund	\$17,246	--
Liberty Interactive Stock Fund	\$18,922	--
Liberty Global Stock Fund	\$ 8,195	7,541
Discovery Holding Stock Fund	\$ --	5,214
Templeton Foreign A	\$ --	4,557
Spartan US Equity Index	\$ 8,626	7,674
Fidelity Equity Income	\$ 8,758	7,038
Fidelity Retirement Money Market Account	\$ 5,634	4,567
Baron Growth Fund	\$ 6,595	--

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LIBERTY MEDIA 401(k) SAVINGS PLAN

Notes to Financial Statements

During the years ended December 31, 2006 and 2005, the Liberty Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

<Table>  
<Caption>

	YEAR ENDED DECEMBER 31,	
	2006	2005
	amounts in thousands	
	<C>	<C>
Liberty Media Stock Fund	\$ 3,461	(6,945)
Liberty Capital Stock Fund	2,786	--
Liberty Interactive Stock Fund	2,238	--
Liberty Global Stock Fund (Series A)	1,868	(153)
Liberty Global Stock Fund (Series C)	--	(332)
Discovery Holding Stock Fund	244	192
Mutual funds and Brokeragelink accounts	4,035	2,118
	-----	-----
	\$14,632	(5,120)
	=====	=====

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(4) RELATED PARTY TRANSACTIONS

Certain plan investments are shares of registered investment companies managed by the Trustee. Therefore, these transactions qualify as party-in-interest.



(5) DHC SPIN OFF

On July 21, 2005, Liberty completed the spin off of DHC to its stockholders (the "DHC Spin Off"). DHC's assets included Liberty's 100% ownership interest in Ascent Media and Liberty's 50% ownership interest in Discovery Communications, Inc. The DHC Spin Off was effected as a tax-free distribution of DHC's shares to Liberty's shareholders. Upon completion of the DHC Spin Off, DHC became a separate publicly traded company. In connection with the DHC Spin Off, shareholders of Liberty, including the Liberty Plan through the Liberty Media Stock Fund, received .10 shares of DHC Series A common stock for each share of Liberty Series A common stock held. The spin off of Ascent Media resulted in a partial plan termination, and therefore all participants employed by Ascent Media on the spin off date were 100% vested in their Liberty Plan accounts. The market value of investments and participant loans transferred out of the Liberty Plan to the newly established Ascent Media Group 401(k) Plan on August 15, 2005 related to this transaction were \$62,979,000 and \$1,329,000, respectively.

(6) SUBSEQUENT EVENT

Effective April 4, 2007, and as a result of a sale of a subsidiary of Liberty, a partial plan termination occurred. In connection therewith, employees of such subsidiary, who were active participants in the Liberty Plan on April 4, 2007 became fully vested in their employer contributions upon the partial plan termination.

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SCHEDULE 1

LIBERTY MEDIA 401(k) SAVINGS PLAN

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2006

<Table>  
<Caption>

IDENTITY OF ISSUE -----	DESCRIPTION OF INVESTMENT INCLUDING PAR VALUE -----	FAIR VALUE ----- amounts in thousands <C>
<S>	<C>	
Liberty Capital Stock Fund	Series A common stock, par value \$0.01 per share (historical cost basis - \$9,960,970) Cash and cash equivalents	\$ 17,078 168 ----- 17,246
Liberty Interactive Stock Fund	Series A common stock, par value \$0.01 per share (historical cost basis - \$12,443,438) Cash and cash equivalents	18,745 177 ----- 18,922
Liberty Global Stock Fund	Series A common stock, par value \$0.01 per share (historical cost basis - \$3,796,146) Cash and cash equivalents	7,944 251 ----- 8,195
Discovery Holding Stock Fund	Series A common stock, par value \$0.01 per share (historical cost basis - \$2,972,193) Cash and cash equivalents	4,518 141 ----- 4,659
Templeton Foreign A	Mutual fund	5,402
Spartan US Equity Index	Mutual fund	8,626
Spartan International Index Fund	Mutual fund	3,623
PIMCO High Yield Fund - Administrative Class	Mutual fund	1,743
ALLIANZ NFJ Small Cap Value	Mutual fund	2,933
Baron Growth Fund	Mutual fund	6,595
Davis NY Venture A	Mutual fund	1,747
Fidelity Retirement Money Market Account	Mutual fund	5,634
Fidelity Equity Income	Mutual fund	8,758
Fidelity Investment Grade Bond	Mutual fund	4,073
Fidelity Blue Chip Growth Fund	Mutual fund	2,247
Fidelity Low-Priced Stock Fund	Mutual fund	4,586
Fidelity Freedom Income Fund	Mutual fund	251
Fidelity Freedom 2000 Fund	Mutual fund	184
Fidelity Freedom 2010 Fund	Mutual fund	795
Fidelity Freedom 2020 Fund	Mutual fund	1,681
Fidelity Freedom 2030 Fund	Mutual fund	1,996



