

Liberty Interactive Corporation  
Q3-12 Earnings Call  
November 6, 2012

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# Forward Looking Statements

This presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about business strategies, market potential, future financial prospects, international expansion, new service and product offerings, the continuation of our stock repurchase program, and other matters that are not historical facts. These forward-looking statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including, without limitation, possible changes in market acceptance of new products or services, competitive issues, regulatory matters affecting our businesses, continued access to capital on terms acceptable to Liberty Interactive and market conditions conducive to stock repurchases. These forward-looking statements speak only as of the date of this presentation, and Liberty Interactive expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in Liberty Interactive's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Please refer to the publicly filed documents of Liberty Interactive, including the most recent Forms 10-Q and 10-K, for additional information about Liberty Interactive and about the risks and uncertainties related to Liberty Interactive's business which may affect the statements made in this presentation.

On today's call we will discuss certain non-GAAP financial measures including adjusted OIBDA and adjusted OIBDA margin. The required definitions and reconciliations (Preliminary Note and Schedules 1 - 3) can be found at the end of this presentation. Unless otherwise noted, this presentation compares financial information for the quarter ended September 30, 2012 to the same period in 2011. Certain prior period amounts have been reclassified for comparability with the current presentation.

# Highlights

- Grew consolidated QVC revenue 2% and adjusted OIBDA<sup>(1)</sup> 6% in Q3
  - Operating income increased 11%
  - QVC.com revenue as a percent of total US revenue increased to 39%, a 4 point increase
- Recapitalized our common stock into two tracking stocks, Liberty Interactive Group and Liberty Ventures Group
  - Shareholder value creation of \$2.6b
- Successfully completed rights offering at Liberty Ventures, raising \$328m
- Increased LINTA share repurchase authorization by \$1b

1) See reconciling schedules (Preliminary Note, Schedule 1, Schedule 2 and Schedule 3) at the end of this presentation.

# Liberty Interactive Group

(\$ millions)	Revenue	Percent Change	Adjusted OIBDA(1)	Percent Change	Operating Income	Percent Change
QVC	1,918	2%	397	6%	260	11%
eCommerce businesses	278	13%	4	-56%	(56)	-2700%
Corporate and other	-	NM	(4)	-	(11)	-57%
<b>Total Liberty Interactive Group</b>	<b>\$ 2,196</b>	<b>3%</b>	<b>\$ 397</b>	<b>5%</b>	<b>\$ 193</b>	<b>-14%</b>

	June 30, 2012	Sept. 30, 2012
<u>Attributed Cash and Public Holdings</u>		
HSN <sup>(2)</sup>	808	982
<b>Total</b>	<b>\$ 808</b>	<b>\$ 982</b>
Cash and Liquid Investments	790	558
<b>Total</b>	<b>\$ 1,598</b>	<b>\$ 1,540</b>
<u>Attributed Debt (at face)</u>		
Liberty senior notes and debentures <sup>(3)</sup>	1,100	1,070
QVC senior notes <sup>(3)</sup>	2,000	2,500
QVC bank credit facility and other	420	969
<b>Total Debt</b>	<b>\$ 3,520</b>	<b>\$ 4,539</b>

- 1) See reconciling schedules (Preliminary Note, Schedule 1, Schedule 2, and Schedule 3) at the end of this presentation.
- 2) Represents fair value of Liberty Interactive Group's investment in HSN. In accordance with GAAP, the Liberty Interactive Group accounts for this investment using the equity method of accounting and includes this investment in its consolidated balance sheet at its historical carrying value which aggregated \$233 million and \$241 million at June 30, 2012 and September 30, 2012, respectively.
- 3) Face amount of Senior Notes and Debentures with no reduction for the unamortized discount or fair market value adjustment.

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# QVC Q3 Results

	<u>Revenue</u>	<u>Adj. OIBDA<sup>(1)</sup></u>
US	3%	7%
International	<u>-1%</u>	<u>4%</u>
<b>Consolidated</b>	<b>2%</b>	<b>6%</b>

- US: ASP increased 1% and units sold increased 1% compared to Q3-11
- US gross margin increased 46 bps and adjusted OIBDA margin<sup>(1)</sup> increased 81 bps
- US return rate increased by 14 bps
- eCommerce sales increased to 39% of US revenue from 35% in Q3-11
- Consolidated operating income increased 11%

<u>Local Currency</u>	<u>Revenue</u>	<u>Adjusted OIBDA<sup>(1)</sup></u>	<u>ASP</u>	<u>Units Sold</u>
<b>International</b>	<b><u>4%</u></b>	<b><u>9%</u></b>	<b><u>-1%</u></b>	<b><u>3%</u></b>
Japan	9%	12%	-1%	10%
Germany	-6%	2%	-4%	-4%
UK	3%	-9%	1%	0%
Italy	137%	45%	3%	145%

1) See reconciling schedules (Preliminary Note, Schedule 1, Schedule 2 and Schedule 3) at the end of this presentation.

# Liberty Ventures Group

\$ in millions

	June 30, 2012	Sept. 30, 2012	Pro Forma <sup>(2)(4)</sup> Sept. 30, 2012
<u>Attributed Cash and Public Holdings</u>			
Expedia <sup>(1)</sup>	1,664	2,002	1,308
TripAdvisor <sup>(1)</sup>	1,169	861	861
Interval Leisure Group and Tree.com <sup>(1)</sup>	348	358	358
Non-strategic public holdings <sup>(3)</sup>	1,380	1,639	1,639
<b>Total</b>	<b>\$ 4,561</b>	<b>\$ 4,860</b>	<b>\$ 4,166</b>
Cash and Liquid Investments	-	1,235	1,975
<b>Total</b>	<b>\$ 4,561</b>	<b>\$ 6,095</b>	<b>\$ 6,141</b>
<u>Attributed Debt (at face)</u>			
Senior exchangeable debentures <sup>(5)</sup>	2,854	2,852	2,852
<b>Total Debt</b>	<b>\$ 2,854</b>	<b>\$ 2,852</b>	<b>\$ 2,852</b>

1) Represents fair value of Liberty Ventures' investments. In accordance with GAAP, Liberty Ventures accounts for these investments using the equity method of accounting and includes these investments in its consolidated balance sheet at their historical carrying values which aggregated \$927 million and \$975 million at June 30, 2012 and September 30, 2012, respectively.

2) Pro Forma Expedia value reflects the settlement of the Expedia forward sale of 12 million shares, which settled on October 9, 2012.

3) Represents Liberty Ventures' non-strategic public holdings which are accounted for at fair value.

4) Pro Forma cash and liquid investments reflects \$412 million of proceeds received on October 9, 2012 from the settlement of the Expedia forward sale and \$328 million of proceeds received on October 16, 2012 from the Ventures subscription rights offering.

5) Face amount of Senior Exchangeable Debentures with no reduction for the unamortized discount or fair market value adjustment.

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# Reconciling Schedules

## Preliminary Note

This presentation includes references to adjusted OIBDA, which is a non-GAAP financial measure, for each of Liberty Interactive, QVC (and certain of its subsidiaries), and the eCommerce businesses. Liberty Interactive defines adjusted OIBDA as revenue less cost of sales, operating expenses and selling, general and administrative expenses (excluding stock and other equity-based compensation) and excludes from that definition depreciation and amortization, restructuring and impairment charges and legal settlements that are included in the measurement of operating income pursuant to GAAP. Further, this presentation includes adjusted OIBDA margin, which is also a non-GAAP financial measure. Liberty Interactive defines adjusted OIBDA margin as adjusted OIBDA divided by revenue.

Liberty Interactive believes adjusted OIBDA is an important indicator of the operational strength and performance of its businesses, including the 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. Because adjusted OIBDA is used as a measure of operating performance, Liberty Interactive views operating income as the most directly comparable GAAP measure. Adjusted OIBDA is not meant to replace or supersede operating income or any other GAAP measure, but rather to supplement such GAAP measures in order to present investors with the same information that Liberty Interactive's management considers in assessing the results of operations and performance of its assets. Please see the attached schedules for a reconciliation of adjusted OIBDA to operating income (loss) calculated in accordance with GAAP for Liberty Interactive (Schedule 1) and for QVC (and certain of its subsidiaries) and the eCommerce businesses (Schedule 2).

# Reconciling Schedules (Schedule 1)

(\$ millions)	<u>3 Q11</u>	<u>4 Q11</u>	<u>1 Q12</u>	<u>2 Q12</u>	<u>3 Q12</u>
<b>Liberty Interactive Group</b>					
Revenue	\$ 2,133	\$ 3,079	\$ 2,314	\$ 2,365	\$ 2,196
Adjusted OIBDA	378	619	419	455	397
Depreciation and amortization	(151)	(193)	(143)	(147)	(147)
Stock compensation	(2)	(17)	(17)	(18)	(18)
Impairment of goodwill	-	-	-	-	(39)
<b>Operating Income</b>	<b>\$ 225</b>	<b>\$ 409</b>	<b>\$ 259</b>	<b>\$ 290</b>	<b>\$ 193</b>

The information shown above provides a reconciliation for the Liberty Interactive Group of adjusted OIBDA to operating income calculated in accordance with GAAP for the three months ended September 30, 2011, December 31, 2011, March 31, 2011, June 30, 2012 and September 30, 2012, respectively.

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# Reconciling Schedules (Schedule 2)

(\$ millions)

<b>Liberty Interactive Group</b>	<b>3 Q11</b>	<b>4 Q11</b>	<b>1 Q12</b>	<b>2 Q12</b>	<b>3 Q12</b>
<b>QVC Adjusted OIBDA</b>					
QVC US	259	401	270	315	278
QVC Japan	61	78	63	70	67
QVC Germany	40	69	46	39	36
QVC UK	24	40	20	21	21
QVC Italy	(11)	(9)	(9)	(7)	(5)
QVC International adjusted OIBDA	\$ 114	\$ 178	\$ 120	\$ 123	\$ 119
Consolidated QVC adjusted OIBDA	\$ 373	\$ 579	\$ 390	\$ 438	\$ 397
Depreciation and amortization	(133)	(176)	(127)	(129)	(129)
Stock compensation	(6)	(6)	(5)	(8)	(8)
<b>Operating Income</b>	<b>\$ 234</b>	<b>\$ 397</b>	<b>\$ 258</b>	<b>\$ 301</b>	<b>\$ 260</b>
<b>QVC Operating Income</b>					
QVC US	159	254	171	214	173
QVC International	75	143	87	87	87
Total QVC Operating Income	\$ 234	\$ 397	\$ 258	\$ 301	\$ 260
<b>eCommerce Businesses</b>					
Adjusted OIBDA	\$ 9	\$ 49	\$ 34	\$ 23	\$ 4
Depreciation and amortization	(17)	(17)	(17)	(16)	(18)
Stock compensation	6	(2)	(2)	(8)	(3)
Impairment of long-lived assets	-	-	-	-	(39)
<b>Operating Income (Loss)</b>	<b>\$ (2)</b>	<b>\$ 30</b>	<b>\$ 15</b>	<b>\$ (1)</b>	<b>\$ (56)</b>

The information shown above provides a reconciliation for the Liberty Interactive Group of adjusted OIBDA to operating income calculated in accordance with GAAP for the three months ended September 30, 2011, December 31, 2011, March 31, 2011, June 30, 2012 and September 30, 2012, respectively.

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# Reconciling Schedules (Schedule 3)

(amounts in millions)

	<u>6/30/12</u>	<u>9/30/12</u>
<b>Cash and Liquid Investments Attributable to:</b>		
Liberty Interactive Group	790	558
Liberty Ventures Group	-	1,235
<b>Total Liberty Consolidated Cash (GAAP)</b>	<b>\$ 790</b>	<b>1,793</b>
<b>Debt:</b>		
Senior Notes & Debentures <sup>(1)</sup>	1,100	1,070
QVC Senior Notes <sup>(1)</sup>	2,000	2,500
QVC Bank Credit Facility	302	851
Other	118	118
<b>Total Attributed Liberty Interactive Group Debt</b>	<b>\$ 3,520</b>	<b>4,539</b>
Unamortized Discount	(19)	(19)
<b>Total Attributed Liberty Interactive Group Debt (GAAP)</b>	<b>\$ 3,501</b>	<b>4,520</b>
Senior Exchangeable Debentures <sup>(2)</sup>	2,854	2,852
<b>Total Attributed Liberty Ventures Group Debt</b>	<b>\$ 2,854</b>	<b>2,852</b>
less: Fair Market Value Adjustment	(306)	(15)
<b>Total Attributed Liberty Ventures Group Debt (GAAP)</b>	<b>\$ 2,548</b>	<b>2,837</b>
<b>Total Attributed Liberty Interactive Corporation Debt (GAAP)</b>	<b>\$ 6,049</b>	<b>7,357</b>

1) Face amount of Senior Notes and Debentures with no reduction for the unamortized discount or fair market value adjustment.

2) Face amount of Senior Exchangeable Debentures with no reduction for the fair market value adjustment.

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