

Liberty Interactive Corporation
First Quarter Earnings Call
May 8, 2013

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CORPORATION

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, the effect of digital conversion on QVC's channel placement, new service and product offerings, QVC's mobile commerce platform, 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-K and 10-Q, 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 three month ended March 31, 2013 to the same periods in 2012. Certain prior period amounts have been reclassified for comparability with the current presentation.

Highlights

Attributed to Liberty Interactive Group

- Grew consolidated QVC revenue by 2% and adjusted OIBDA⁽¹⁾ by 4% in Q1
 - Grew QVC US revenue by 5% and adjusted OIBDA by 8%
 - US operating income grew 5%
 - QVC.com revenue as a percent of total US revenue increased to 42%, a 3 point increase
 - QVC US Mobile penetration was 27% of QVC.com orders
 - Consolidated operating income increased 1%
- QVC issued 30-year and 10-year senior secured notes at 5.95% and 4.375%, respectively
- eCommerce group grew revenue by 20% and adjusted OIBDA by 15%
 - Operating income grew 27%
- Repurchased \$267 million of LINTA shares from February 1st to April 30th

Attributed to Liberty Ventures Group

- Called for redemption of the 3.125% exchangeable senior debentures due 2023
- Issued new 0.75% exchangeable senior debentures due 2043

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	1,974	2%	404	4%	260	1%
eCommerce businesses	460	20%	39	15%	19	27%
Corporate and other	-	NM	(6)	-20%	(19)	-36%
Total Liberty Interactive Group	\$ 2,434	5%	\$ 437	4%	\$ 260	0%

	Dec. 31, 2012	March 31, 2013
<u>Attributed Cash and Public Holdings</u>		
HSN ⁽²⁾	1,102	1,098
Total	\$ 1,102	\$ 1,098
Cash and Liquid Investments	699	587
Total	\$ 1,801	\$ 1,685
<u>Attributed Debt (at face)</u>		
Liberty senior notes and debentures ⁽³⁾	1,032	1,032
QVC senior notes ⁽³⁾	2,500	3,195
QVC bank credit facility and other	1,028	459
Total Debt	\$ 4,560	\$ 4,686

- 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 \$242 million and \$261 million at December 31, 2012 and March 31, 2013, respectively.
- 3) Face amount of Senior Notes and Debentures with no reduction for the unamortized discount.

QVC Q1 Results

	<u>Revenue</u>	<u>Adj. OIBDA⁽¹⁾</u>
US	5%	8%
International	<u>-2%</u>	<u>-6%</u>
Consolidated	2%	4%

- US: ASP increased 6% and units sold decreased 1% compared to Q1-12
- US gross margin increased 50 bps and adjusted OIBDA margin⁽¹⁾ increased 67 bps
- US return rate decreased by 65 bps
- eCommerce penetration increased to 42% of US revenue from 39% in Q1-12
- Consolidated operating income increased 1%
- As a result of leap year, current period results include one less day vs. the prior period

<u>Local Currency</u>	<u>Revenue</u>	<u>Adjusted OIBDA⁽¹⁾</u>	<u>ASP</u>	<u>Units Sold</u>
International⁽²⁾	4%	1%	1%	4%
Japan	3%	0%	3%	3%
Germany	1%	-7%	0%	4%
UK	1%	-6%	4%	-3%
Italy	90%	67%	2%	87%
China JV ⁽³⁾	39%	41%		

- 1) See reconciling schedules (Preliminary Note, Schedule 1, Schedule 2 and Schedule 3) at the end of this presentation.
 2) Calculated on a constant currency basis due to the inclusion of multiple currencies. Excludes China JV.
 3) This joint venture is being accounted for as an equity method investment.

Liberty Ventures Group

(\$ in millions)

	Dec. 31, 2012	March 31, 2013
<u>Attributed Cash and Public Holdings</u>		
Expedia ⁽¹⁾	1,389	1,385
Interval Leisure Group and Tree.com ⁽²⁾	373	413
Other public holdings	1,815	1,905
Total	\$ 3,577	\$ 3,703
Cash and Liquid Investments ⁽³⁾⁽⁴⁾	2,147	1,724
Total	\$ 5,724	\$ 5,427
<u>Attributed Debt (at face)</u>		
Senior exchangeable debentures ⁽⁵⁾	2,852	2,425
TripAdvisor debt facilities	412	391
Total Debt	\$ 3,264	\$ 2,816

- 1) Represents fair value of Liberty Ventures Group's investment in Expedia. In accordance with GAAP, Liberty Ventures 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 \$431 million and \$430 million at December 31, 2012 and March 31, 2013, respectively.
- 2) Represents fair value of Liberty Ventures Group's investments. In accordance with GAAP, Liberty Ventures Group 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 \$90 million and \$93 million at December 31, 2012 and March 31, 2013, respectively.
- 3) Includes \$468 million of marketable securities with an original maturity greater than one year as of March 31, 2013, which are reflected in investments in available-for-sale securities in Liberty Ventures Group's condensed consolidated balance sheet.
- 4) Includes \$186 million and \$473 million of short-term marketable securities with an original maturity greater than 90 days as of December 31, 2012 and March 31, 2013, respectively, which are included in other current assets on Liberty Ventures Group's condensed consolidated balance sheet.
- 5) Face amount of Senior Exchangeable Debentures with no reduction for the 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>1Q12</u>	<u>2Q12</u>	<u>3Q12</u>	<u>4Q12</u>	<u>1Q13</u>
Liberty Interactive Group⁽¹⁾					
Revenue	\$ 2,314	\$ 2,365	\$ 2,196	\$ 3,143	\$ 2,434
Adjusted OIBDA	419	455	397	626	437
Depreciation and amortization	(143)	(147)	(147)	(159)	(153)
Stock compensation	(17)	(18)	(18)	(32)	(24)
Impairment of intangible assets	-	-	(39)	(53)	-
Operating Income	\$ 259	\$ 290	\$ 193	\$ 382	\$ 260

1) A reconciliation for the Liberty Interactive Group of adjusted OIBDA to operating income calculated in accordance with GAAP for the three months ended March 31, 2012, June 30, 2012, September 30, 2012, December 31, 2012 and March 31, 2013, respectively.

Reconciling Schedules (Schedule 2)

(\$ millions)

Liberty Interactive Group	1Q12	2Q12	3Q12	4Q12	1Q13
QVC Adjusted OIBDA					
QVC US	\$ 270	\$ 315	\$ 278	\$ 429	\$ 291
QVC Japan	63	70	67	79	54
QVC Germany	46	39	36	58	43
QVC UK	20	21	21	42	19
QVC Italy	(9)	(7)	(5)	(5)	(3)
QVC International adjusted OIBDA	\$ 120	\$ 123	\$ 119	\$ 174	\$ 113
Consolidated QVC adjusted OIBDA	\$ 390	\$ 438	\$ 397	\$ 603	\$ 404
Depreciation and amortization	(127)	(129)	(129)	(141)	(134)
Stock compensation	(5)	(8)	(8)	(13)	(10)
Operating Income	\$ 258	\$ 301	\$ 260	\$ 449	\$ 260
QVC Operating Income					
QVC US	171	214	173	312	180
QVC International	87	87	87	137	80
Total QVC Operating Income	\$ 258	\$ 301	\$ 260	\$ 449	\$ 260
eCommerce Businesses					
Adjusted OIBDA	\$ 34	\$ 23	\$ 4	\$ 35	\$ 39
Depreciation and amortization	(17)	(16)	(18)	(19)	(18)
Stock compensation	(2)	(8)	(3)	(2)	(2)
Impairment of intangible assets	-	-	(39)	(53)	-
Operating Income (Loss)	\$ 15	\$ (1)	\$ (56)	\$ (39)	\$ 19

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 March 31, 2012, June 30, 2012, September 30, 2012, December 31, 2012 and March 31, 2013, respectively.

Reconciling Schedules (Schedule 3)

(amounts in millions)

	<u>12/31/12</u>	<u>3/31/13</u>
Cash and Liquid Investments Attributable to:		
Liberty Interactive Group	\$ 699	\$ 587
Liberty Ventures Group ⁽¹⁾⁽²⁾	2,147	1,724
Total Liberty Consolidated Cash and Liquid Investments	\$ 2,846	\$ 2,311
Less:		
Short-term marketable securities - Liberty Ventures	186	473
Long-term marketable securities - Liberty Ventures	-	468
Total Liberty Consolidated Cash (GAAP)	\$ 2,660	\$ 1,370
Debt:		
Senior Notes & Debentures ⁽³⁾	\$ 1,032	\$ 1,032
QVC Senior Notes ⁽³⁾	2,500	3,195
QVC Bank Credit Facility	903	328
Other	125	131
Total Attributed Liberty Interactive Group Debt	\$ 4,560	\$ 4,686
Unamortized Discount	(18)	(15)
Total Attributed Liberty Interactive Group Debt (GAAP)	\$ 4,542	\$ 4,671
Senior Exchangeable Debentures ⁽⁴⁾	2,852	2,425
TripAdvisor Debt Facilities	412	391
Total Attributed Liberty Ventures Group Debt	\$ 3,264	\$ 2,816
less: Fair Market Value Adjustment	78	388
Total Attributed Liberty Ventures Group Debt (GAAP)	\$ 3,342	\$ 3,204
Total Liberty Interactive Corporation Debt (GAAP)	\$ 7,884	\$ 7,875

1) Includes \$186 million and \$473 million of short-term marketable securities with an original maturity greater than 90 days as of December 31, 2012 and March 31, 2013, respectively, which are included in other current assets on Liberty Ventures Group's condensed consolidated balance sheet.

2) Includes \$468 million of marketable securities with an original maturity greater than one year as of March 31, 2013, which are reflected in investments in available-for-sale securities in Liberty Ventures Group's condensed consolidated balance sheet.

3) Face amount of Senior Notes and Debentures with no reduction for the unamortized discount.

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