



First Quarter 2014 Earnings Call

May 8, 2014

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, the proposed spin-off of Liberty TripAdvisor Holdings, the proposed recapitalization of the Liberty Interactive Group tracking stock into the QVC Group tracking stock and a new Liberty Digital Commerce tracking stock, future financial prospects, international expansion, including the launch of QVC France and the expected expenditures in connection therewith, new service and product offerings, the monetization of our non-core assets, the continuation of our stock repurchase program, the estimated liabilities under exchangeable debentures 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, changes in law and government regulations that may impact the derivative instruments that hedge certain of our financial risks, our ability to satisfy the conditions to the proposed recapitalization and spin-off 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, 2014 to the same periods in 2013. Certain prior period amounts have been reclassified for comparability with the current presentation.

Highlights

Attributed to Liberty Interactive Group

- Grew QVC US revenue by 1% and adjusted OIBDA⁽¹⁾ by 3% in the first quarter
 - QVC US operating income increased by 3%
 - QVC.com revenue as a percent of total US revenue increased to 45%, a 327 bps increase
 - QVC US mobile penetration was 37% of QVC.com orders
- Repurchased \$224 million LINTA shares from February 1 to April 30, 2014

Attributed to Liberty Ventures Group

- Reported strong first quarter results at TripAdvisor
 - Increased 2014 revenue guidance to high 20%/low 30% range
 - EBITDA expected to grow at same percentage as total revenue
- Completed two-for-one stock split of the Liberty Ventures stock on April 11, 2014
- Filed S-1 related to proposed spin-off of Liberty TripAdvisor Holdings with the SEC on May 6, 2014

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

Liberty Interactive Group

	Revenue	Percent Change	Adjusted OIBDA ⁽¹⁾	Percent Change	Operating Income	Percent Change
QVC	1,986	1%	412	2%	260	-
eCommerce businesses	461	-	23	-41%	(1)	-105%
Corporate and other	-	NM	(4)	33%	(15)	21%
Total Liberty Interactive Group	\$ 2,447	1%	\$ 431	-1%	\$ 244	-6%

	Dec 31, 2013	Mar 31, 2014
<u>Attributed Cash and Public Holdings</u>		
HSN ⁽²⁾	1,247	1,196
Cash and Liquid Investments	598	682
Total Cash and Public Holdings	\$ 1,845	\$ 1,878
<u>Attributed Debt (at face)</u>		
Liberty senior notes and debentures ⁽³⁾	791	791
Senior exchangeable debentures ⁽⁴⁾	400	400
QVC senior notes ⁽³⁾	2,819	3,819
QVC bank credit facility	922	124
Other	141	145
Total Debt	\$ 5,073	\$ 5,279

- 1) See reconciling schedules (Preliminary Note, Schedule 1 and Schedule 2) at the end of this presentation.
- 2) Represents fair value of Liberty Interactive Group's investment in HSN. In accordance with GAAP, Liberty Interactive Group accounts for this investment using the equity method of accounting and includes this investment in its attributed balance sheet at its historical carrying value which aggregated \$293 million and \$311 million at December 31, 2013 and March 31, 2014, respectively.
- 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.

QVC Q1 Results

	Revenue	Adj. OIBDA ⁽¹⁾
US	1%	3%
International	<u>1%</u>	<u>-2%</u>
Consolidated	1%	2%

- US: ASP increased 1% and units sold increased 1% compared to Q1-13
- US gross margin increased 30 bps and adjusted OIBDA margin⁽¹⁾ increased 63 bps
- US return rate increased by 106 bps
- eCommerce penetration increased to 45% of US revenue from 42% in Q1-13
- Consolidated operating income was essentially flat

Local Currency	Revenue	Adj. OIBDA ⁽¹⁾	ASP	Units Sold
Japan	2%	-2%	1%	1%
Germany	-4%	-12%	-3%	-3%
UK	10%	32%	12%	-3%
Italy	2%	21%	3%	0%
China JV ⁽²⁾	27%	0%		

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

2) This joint venture is being accounted for as an equity method investment.

Liberty Ventures Group

(\$ in millions)

	Dec 31, 2013	Mar 31, 2014
<u>Attributed Cash and Public Holdings</u>		
Expedia ⁽¹⁾	1,608	1,673
Interval Leisure Group and Tree.com ⁽²⁾	606	521
Other public holdings ⁽³⁾	1,095	1,059
Total	\$ 3,309	\$ 3,253
Cash and liquid investments ⁽⁴⁾⁽⁵⁾⁽⁶⁾	1,603	1,891
Total Cash and Public Holdings	\$ 4,912	\$ 5,144
<u>Attributed Debt (at face)</u>		
Senior exchangeable debentures ⁽⁷⁾	2,091	2,086
TripAdvisor debt facilities	369	361
Total Debt	\$ 2,460	\$ 2,447

- 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 attributed balance sheet at its historical carrying value which aggregated \$477 million and \$467 million at December 31, 2013 and March 31, 2014, 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 attributed balance sheet at their historical carrying values which aggregated \$101 million and \$105 million at December 31, 2013 and March 31, 2014, respectively.
- 3) Represents Liberty Ventures Group's other public holdings which are accounted for at fair value. Excludes \$402 million and \$407 million of long-term marketable securities as of December 31, 2013 and March 31, 2014, respectively.
- 4) Includes \$543 million and \$682 million of short-term marketable securities with an original maturity greater than 90 days as of December 31, 2013 and March 31, 2014, respectively.
- 5) Includes \$402 million and \$407 million of marketable securities with an original maturity greater than one year as of December 31, 2013 and March 31, 2014, respectively, which are reflected in investments in available-for-sale securities in Liberty Ventures Group's condensed attributed balance sheet.
- 6) Includes \$670 million and \$745 million of cash and liquid investments held at TripAdvisor as of December 31, 2013 and March 31, 2014, respectively.
- 7) Face amount of Senior Exchangeable Debentures with no reduction for the fair market value adjustment.

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)

(\$ in millions)

	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Liberty Interactive Group⁽¹⁾					
Adjusted OIBDA	437	455	396	618	431
Depreciation and amortization	(153)	(158)	(156)	(165)	(163)
Stock compensation	(24)	(29)	(22)	(35)	(24)
Impairment of intangible assets	-	-	(19)	(14)	-
Operating Income	\$ 260	\$ 268	\$ 199	\$ 404	\$ 244

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, 2013, June 30, 2013, September 30, 2013, December 31, 2013 and March 31, 2014, respectively.

Reconciling Schedules (Schedule 2)

(\$ in millions)

Liberty Interactive Group	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
QVC Adjusted OIBDA					
QVC US	\$ 291	\$ 320	\$ 304	\$ 437	\$ 301
QVC Japan	54	57	46	55	47
QVC Germany	43	35	37	58	39
QVC UK	19	26	26	47	27
QVC Italy	(3)	(4)	(5)	(2)	(2)
QVC International adjusted OIBDA	\$ 113	\$ 114	\$ 104	\$ 158	\$ 111
Consolidated QVC adjusted OIBDA	\$ 404	\$ 434	\$ 408	\$ 595	\$ 412
Depreciation and amortization	(134)	(140)	(139)	(145)	(144)
Stock compensation	(10)	(9)	(10)	(9)	(8)
Operating Income	\$ 260	\$ 285	\$ 259	\$ 441	\$ 260
QVC Operating Income					
QVC US	180	207	191	323	186
QVC International	80	78	68	118	74
Total QVC Operating Income	\$ 260	\$ 285	\$ 259	\$ 441	\$ 260
eCommerce Businesses					
Adjusted OIBDA	\$ 39	\$ 26	\$ (5)	\$ 25	\$ 23
Depreciation and amortization	(18)	(18)	(19)	(18)	(19)
Stock compensation	(2)	(10)	(3)	(14)	(5)
Impairment of intangible assets	-	-	(19)	(14)	-
Operating Income (Loss)	\$ 19	\$ (2)	\$ (46)	\$ (21)	\$ (1)

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, 2013, June 30, 2013, September 30, 2013, December, 31, 2013 and March 31, 2014, respectively.

Reconciling Schedules (Schedule 3)

(\$ in millions)

	12/31/13	3/31/14
Cash and Liquid Investments Attributable to:		
Liberty Interactive Group	\$ 598	\$ 682
Liberty Ventures Group ⁽¹⁾⁽²⁾⁽³⁾	1,603	1,891
Total Liberty Consolidated Cash and Liquid Investments	\$ 2,201	\$ 2,573
Less:		
Short-term marketable securities - Liberty Ventures	\$ 543	\$ 682
Long-term marketable securities - Liberty Ventures	402	407
Total Liberty Consolidated Cash (GAAP)	\$ 1,256	\$ 1,484
Debt:		
Senior Notes & Debentures ⁽⁴⁾	\$ 791	\$ 791
Senior exchangeable debentures ⁽⁵⁾	400	400
QVC Senior Notes ⁽⁴⁾	2,819	3,819
QVC Bank Credit Facility	922	124
Other	141	145
Total Attributed Liberty Interactive Group Debt	\$ 5,073	\$ 5,279
Unamortized Discount and Fair Market Value Adjustment	10	8
Total Attributed Liberty Interactive Group Debt (GAAP)	\$ 5,083	\$ 5,287
Senior Exchangeable Debentures ⁽⁵⁾	\$ 2,091	\$ 2,086
TripAdvisor Debt Facilities	369	361
Total Attributed Liberty Ventures Group Debt	\$ 2,460	\$ 2,447
Less: Fair Market Value Adjustment	(159)	(143)
Total Attributed Liberty Ventures Group Debt (GAAP)	\$ 2,301	\$ 2,304
Total Liberty Interactive Corporation Debt (GAAP)	\$ 7,384	\$ 7,591

- 1) Includes \$543 million and \$682 million of short-term marketable securities with an original maturity greater than 90 days as of December 31, 2013 and March 31, 2014, respectively.
- 2) Includes \$402 million and \$407 million of marketable securities with an original maturity greater than one year as of December 31, 2013 and March 31, 2014, respectively which are reflected in investments in available-for-sale securities in Liberty Ventures Group's condensed attributed balance sheet.
- 3) Includes \$670 million and \$745 million of cash and liquid investments held at TripAdvisor as of December 31, 2013 and March 31, 2014, respectively.
- 4) Face amount of Senior Notes and Debentures with no reduction for the unamortized discount.
- 5) Face amount of Senior Exchangeable Debentures with no reduction for the fair market value adjustment.

Additional Information

Nothing in this presentation shall constitute a solicitation to buy or an offer to sell shares of the proposed QVC Group tracking stock, the proposed Liberty Digital Commerce tracking stock or Liberty's existing common stock. The offer and sale of shares of the proposed new tracking stocks will only be made pursuant to an effective registration statement. Liberty stockholders and other investors are urged to read the registration statement to be filed with the SEC, including the proxy statement/prospectus to be contained therein, because they will contain important information about the issuance of shares of the proposed tracking stocks. Copies of Liberty's SEC filings are available free of charge at the SEC's website (<http://www.sec.gov>). Copies of the filings together with the materials incorporated by reference therein will also be available, without charge, by directing a request to Liberty Interactive Corporation, 12300 Liberty Boulevard, Englewood, Colorado 80112, Attention: Investor Relations, Telephone: (720) 875-5408.

Participants in a Solicitation

The directors and executive officers of Liberty and other persons may be deemed to be participants in the solicitation of proxies in respect of proposals relating to the approval of the issuance of the new tracking stocks. Information regarding the directors and executive officers of Liberty and other participants in the proxy solicitation and a description of their respective direct and indirect interests, by security holdings or otherwise, will be available in the proxy materials to be filed with the SEC.