



Second Quarter 2013 Earnings Call

August 6, 2013

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, expansion of QVC's international operations, new service and product offerings, QVC's mobile commerce platform, QVC's social media platform, interface upgrades at TripAdvisor, 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 June 30, 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 QVC US revenue by 3% and adjusted OIBDA⁽¹⁾ by 2%
 - QVC US operating income decreased by 3%
 - QVC.com revenue as a percent of total US revenue increased to 42%, a 3 point increase
 - QVC US mobile penetration was 28% of QVC.com orders
- eCommerce group grew revenue by 12% and adjusted OIBDA⁽¹⁾ by 13%
 - Operating income decreased by 100%
- Repurchased \$220 million of LINTA shares from May 1 to July 31

- **Attributed to Liberty Ventures Group**

- TripAdvisor posted strong 2Q results
- Liberty Ventures stock posted new all-time high of \$94.86 on July 25

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	1,961	-1%	434	-1%	285	-5%
eCommerce businesses	439	12%	26	13%	(2)	-100%
Corporate and other	-	NM	(5)	17%	(15)	-50%
Total Liberty Interactive Group	\$ 2,400	1%	\$ 455	0%	\$ 268	-8%

	March 31, 2013	June 30, 2013
<u>Attributed Cash and Public Holdings</u>		
HSN ⁽²⁾	1,098	1,075
Cash and Liquid Investments	587	591
Total Cash and Public Holdings	\$ 1,685	\$ 1,666
<u>Attributed Debt (at face)</u>		
Liberty senior notes and debentures ⁽³⁾	1,032	792
QVC senior notes ⁽³⁾	3,195	2,819
QVC bank credit facility	328	990
Other	131	138
Total Debt	\$ 4,686	\$ 4,739

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, 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 \$261 million and \$270 million at March 31, 2013 and June 30, 2013, respectively.

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

QVC Q2 Results

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

- US: ASP increased 3% and units sold decreased 1% compared to Q2-12
- US gross margin increased 10 bps and adjusted OIBDA margin⁽¹⁾ decreased 22 bps
- US return rate decreased by 72 bps
- eCommerce penetration increased to 42% of US revenue from 39% in Q2-12
- Consolidated operating income decreased 5%

Local Currency	Revenue	Adj. OIBDA ⁽¹⁾	ASP	Units Sold
International⁽²⁾	<u>2%</u>	<u>4%</u>	<u>0%</u>	<u>6%</u>
Japan	3%	1%	-3%	9%
Germany	-3%	-14%	0%	5%
UK	2%	29%	5%	-3%
Italy	59%	51%	-2%	64%
China JV⁽³⁾	42%	9%		

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)

	March 31, 2013	June 30, 2013
<u>Attributed Cash and Public Holdings</u>		
Expedia ⁽¹⁾	1,385	1,388
Interval Leisure Group and Tree.com ⁽²⁾	413	379
Other public holdings ⁽³⁾	1,905	917
Total	\$ 3,703	\$ 2,684
Cash and liquid investments ⁽⁴⁾⁽⁵⁾⁽⁶⁾	1,724	1,809
Total Cash and Public Holdings	\$ 5,427	\$ 4,493
<u>Attributed Debt (at face)</u>		
Senior exchangeable debentures ⁽⁷⁾	2,425	2,146
TripAdvisor debt facilities	391	385
Total Debt	\$ 2,816	\$ 2,531

- 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 \$430 million and \$438 million at March 31, 2013 and June 30, 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 attributed balance sheet at their historical carrying values which aggregated \$93 million and \$95 million at March 31, 2013 and June 30, 2013, respectively.
- 3) Represents Liberty Ventures Group's other public holdings which are accounted for at fair value.
- 4) Includes \$473 million and \$508 million of short-term marketable securities with an original maturity greater than 90 days as of March 31, 2013 and June 30, 2013, respectively.
- 5) Includes \$468 million and \$444 million of marketable securities with an original maturity greater than one year as of March 31, 2013 and June 30, 2013, respectively, which are reflected in investments in available-for-sale securities in Liberty Ventures Group's condensed attributed balance sheet.
- 6) Includes \$594 million and \$616 million of cash and liquid investments held at TripAdvisor as of March 31, 2013 and June 30, 2013, 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)

	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
Liberty Interactive Group⁽¹⁾					
Adjusted OIBDA	455	397	626	437	455
Depreciation and amortization	(147)	(147)	(159)	(153)	(158)
Stock compensation	(18)	(18)	(32)	(24)	(29)
Impairment of intangible assets	-	(39)	(53)	-	-
Operating Income	\$ 290	\$ 193	\$ 382	\$ 260	\$ 268

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

Reconciling Schedules (Schedule 2)

(\$ in millions)

Liberty Interactive Group	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13
QVC Adjusted OIBDA					
QVC US	\$ 315	\$ 278	\$ 429	\$ 291	\$ 320
QVC Japan	70	67	79	54	57
QVC Germany	39	36	58	43	35
QVC UK	21	21	42	19	26
QVC Italy	(7)	(5)	(5)	(3)	(4)
QVC International adjusted OIBDA	\$ 123	\$ 119	\$ 174	\$ 113	\$ 114
Consolidated QVC adjusted OIBDA	\$ 438	\$ 397	\$ 603	\$ 404	\$ 434
Depreciation and amortization	(129)	(129)	(141)	(134)	(140)
Stock compensation	(8)	(8)	(13)	(10)	(9)
Operating Income	\$ 301	\$ 260	\$ 449	\$ 260	\$ 285
QVC Operating Income					
QVC US	214	173	312	180	207
QVC International	87	87	137	80	78
Total QVC Operating Income	\$ 301	\$ 260	\$ 449	\$ 260	\$ 285
eCommerce Businesses					
Adjusted OIBDA	\$ 23	\$ 4	\$ 35	\$ 39	\$ 26
Depreciation and amortization	(16)	(18)	(19)	(18)	(18)
Stock compensation	(8)	(3)	(2)	(2)	(10)
Impairment of intangible assets	-	(39)	(53)	-	-
Operating Income (Loss)	\$ (1)	\$ (56)	\$ (39)	\$ 19	\$ (2)

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

Reconciling Schedules (Schedule 3)

(\$ in millions)

	3/31/13	6/30/13
Cash and Liquid Investments Attributable to:		
Liberty Interactive Group	\$ 587	\$ 591
Liberty Ventures Group ⁽¹⁾⁽²⁾⁽³⁾	1,724	1,809
Total Liberty Consolidated Cash and Liquid Investments	\$ 2,311	\$ 2,400
Less:		
Short-term marketable securities - Liberty Ventures	\$ 473	\$ 508
Long-term marketable securities - Liberty Ventures	468	444
Total Liberty Consolidated Cash (GAAP)	\$ 1,370	\$ 1,448
Debt:		
Senior Notes & Debentures ⁽⁴⁾	\$ 1,032	\$ 792
QVC Senior Notes ⁽⁴⁾	3,195	2,819
QVC Bank Credit Facility	328	990
Other	131	138
Total Attributed Liberty Interactive Group Debt	\$ 4,686	\$ 4,739
Unamortized Discount	(15)	(15)
Total Attributed Liberty Interactive Group Debt (GAAP)	\$ 4,671	\$ 4,724
Senior Exchangeable Debentures ⁽⁵⁾	\$ 2,425	\$ 2,146
TripAdvisor Debt Facilities	391	385
Total Attributed Liberty Ventures Group Debt	\$ 2,816	\$ 2,531
less: Fair Market Value Adjustment	388	(267)
Total Attributed Liberty Ventures Group Debt (GAAP)	\$ 3,204	\$ 2,264
Total Liberty Interactive Corporation Debt (GAAP)	\$ 7,875	\$ 6,988

1) Includes \$473 million and \$508 million of short-term marketable securities with an original maturity greater than 90 days as of March 31, 2013 and June 30, 2013, respectively.

2) Includes \$468 million and \$444 million of marketable securities with an original maturity greater than one year as of March 31, 2013 and June 30, 2013, respectively which are reflected in investments in available-for-sale securities in Liberty Ventures Group's condensed attributed balance sheet.

3) Includes \$594 million and \$616 million of cash and liquid investments held at TripAdvisor as of March 31, 2013 and June 30, 2013, 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.