

Liberty Interactive Corporation  
Fourth Quarter and Year End 2012  
Earnings Call  
February 27, 2013

LIBERTY  
**i**INTERACTIVE  
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 8-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 three and 12 months ended December 31, 2012 to the same periods in 2011. 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<sup>(1)</sup> by 4% in Q4
  - Grew QVC US revenue by 2% and adjusted OIBDA by 7%
  - QVC.com revenue as a percent of total US revenue increased to 43%, a 3 point increase
    - Mobile penetration was 23% of QVC.com orders
    - QVC is the second largest mobile commerce multi-category retailer in 2012, behind only Amazon, according to Internet Retailer
    - QVC tied for 2nd (with Apple) in ForeSee Mobile Retail Satisfaction Index: Holiday Retail Edition
  - Operating income increased 13%
- Repurchased \$177 million of Liberty Interactive stock from November 1, 2012 to January 31, 2013

## Attributed to Liberty Ventures Group

- Purchased additional 4.8 million shares of TripAdvisor
  - Liberty now has voting control with 57% of the total votes
- Announced full redemption of 3.25% exchangeable debentures due 2031

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

# LINT Income Statement Items

## Full Year – 2012<sup>(1)</sup>

(\$ millions)	Revenue	Percent Change	Adjusted OIBDA(3)	Percent Change	Operating Income	Percent Change
QVC	8,516	3%	1,828	5%	1,268	12%
eCommerce businesses	1,502	11%	96	-22%	(81)	-247%
Corporate and other	-	NM	(27)	7%	(63)	15%
<b>Total Liberty Interactive Group</b>	<b>\$ 10,018</b>	<b>4%</b>	<b>\$ 1,897</b>	<b>4%</b>	<b>\$ 1,124</b>	<b>-1%</b>

## Q4 – 2012<sup>(2)</sup>

(\$ millions)	Revenue	Percent Change	Adjusted OIBDA(3)	Percent Change	Operating Income	Percent Change
QVC	2,692	2%	603	4%	449	13%
eCommerce businesses	451	5%	35	-29%	(39)	-230%
Corporate and other	-	NM	(12)	-33%	(28)	-56%
<b>Total Liberty Interactive Group</b>	<b>\$ 3,143</b>	<b>2%</b>	<b>\$ 626</b>	<b>1%</b>	<b>\$ 382</b>	<b>-7%</b>

1) Represents the percentage change from the year ended December 31, 2011.

2) Represents the percentage change from the quarter ended December 31, 2011.

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

# LINT Balance Sheet Items

	Sept. 30, 2012	Dec. 31, 2012
<u>Attributed Cash and Public Holdings</u>		
HSN <sup>(1)</sup>	982	1,102
<b>Total</b>	<b>\$ 982</b>	<b>\$ 1,102</b>
Cash and Liquid Investments	558	699
<b>Total</b>	<b>\$ 1,540</b>	<b>\$ 1,801</b>
<u>Attributed Debt (at face)</u>		
Liberty senior notes and debentures <sup>(2)</sup>	1,070	1,032
QVC senior notes <sup>(2)</sup>	2,500	2,500
QVC bank credit facility and other	969	1,028
<b>Total Debt</b>	<b>\$ 4,539</b>	<b>\$ 4,560</b>

1) 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 \$241million and \$242 million at September 30, 2012 and December 31, 2012, respectively.

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

# QVC Q4 Results

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

- US: ASP increased 2% and units sold decreased 1% compared to Q4-11
- US gross margin increased 10 bps and adjusted OIBDA margin<sup>(1)</sup> increased 109 bps
- US return rate decreased by 10 bps
- eCommerce sales increased to 43% of US revenue from 40% in Q4-11
- Consolidated operating income increased 13%

<u>Local Currency</u>	<u>Revenue</u>	<u>Adjusted OIBDA<sup>(1)</sup></u>	<u>ASP</u>	<u>Units Sold</u>
<b>International</b>	<u>4%</u>	<u>1%</u>	<u>-1%</u>	<u>5%</u>
Japan	6%	8%	-3%	11%
Germany	-3%	-13%	-5%	1%
UK	3%	1%	7%	-3%
Italy	119%	44%	5%	111%

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

# QVC 2012 Results

	<u>Revenue</u>	<u>Adj. OIBDA<sup>(1)</sup></u>
US	3%	5%
International	<u>3%</u>	<u>6%</u>
<b>Consolidated</b>	<b>3%</b>	<b>5%</b>

- US: ASP increased 3% and units sold were flat
- US gross margin increased 20 bps and adjusted OIBDA margin<sup>(1)</sup> increased 50 bps
- US return rate increased by 55 bps
- eCommerce sales increased to 40% of US revenue from 37% in 2011
- Consolidated operating income increased 12%

<u>Local Currency</u>	<u>Revenue</u>	<u>Adjusted OIBDA<sup>(1)</sup></u>	<u>ASP</u>	<u>Units Sold</u>
<b>International</b>	<u>6%</u>	<u>8%</u>	<u>0%</u>	<u>5%</u>
Japan	11%	17%	- 1%	14%
Germany	- 4%	- 3%	- 3%	- 3%
UK	3%	- 6%	3%	0%
Italy	168%	34%	2%	171%

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

# Liberty Ventures Group

\$ in millions

	Sept. 30, 2012	Dec. 31, 2012
<u>Attributed Cash and Public Holdings</u>		
Expedia <sup>(1)(2)</sup>	2,002	1,389
TripAdvisor <sup>(3)</sup>	861	-
Interval Leisure Group and Tree.com <sup>(4)</sup>	358	373
Other public holdings <sup>(5)</sup>	1,639	1,815
<b>Total</b>	<b>\$ 4,860</b>	<b>\$ 3,577</b>
Cash and Liquid Investments <sup>(5)</sup>	1,235	2,147
<b>Total</b>	<b>\$ 6,095</b>	<b>\$ 5,724</b>
<u>Attributed Debt (at face)</u>		
Senior exchangeable debentures <sup>(6)</sup>	2,852	2,852
TripAdvisor Debt facilities <sup>(3)</sup>	-	412
<b>Total Debt</b>	<b>\$ 2,852</b>	<b>\$ 3,264</b>

- 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 \$681 million and \$431 million at September 30, 2012 and December 31, 2012, respectively.
- 2) Liberty entered into a forward sales contract on 12 million shares of Expedia common stock in March 2012 at a per share forward price of \$34.316. The forward contract was settled in October 2012 for total cash proceeds of \$412 million and the 12 million shares of Expedia common stock, previously held as collateral, were released to the counterparty. In the fourth quarter when the forward contract settled, the difference between the fair value of the Expedia shares and the carrying value of the shares, \$443 million, was recognized in the gain (loss) on transactions, net line item in the statement of operations.
- 3) TripAdvisor became a consolidated subsidiary attributed to Liberty Ventures in the fourth quarter of 2012.
- 4) 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 \$94 million and \$90 million at September 30, 2012 and December 31, 2012, respectively.
- 5) Includes \$186 million of other marketable securities with an original maturity greater than 90 days as of December 31, 2012, which are included in other current assets on Liberty Ventures' balance sheet
- 6) Face amount of Senior Exchangeable Debentures with no reduction for the unamortized discount or fair market value adjustment.

LIBERTY  
VENTURES

# 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)	4 Q11	1 Q12	2 Q12	3 Q12	4 Q12
<b>Liberty Interactive Group<sup>(1)</sup></b>					
Revenue	\$ 3,079	\$ 2,314	\$ 2,365	\$ 2,196	\$ 3,143
Adjusted OIBDA	619	419	455	397	626
Depreciation and amortization	(193)	(143)	(147)	(147)	(159)
Stock compensation	(17)	(17)	(18)	(18)	(32)
Impairment of intangible assets	-	-	-	(39)	(53)
<b>Operating Income</b>	<b>\$ 409</b>	<b>\$ 259</b>	<b>\$ 290</b>	<b>\$ 193</b>	<b>\$ 382</b>

(\$ millions)	2011	2012
<b>Liberty Interactive Group<sup>(2)</sup></b>		
Revenue	\$ 9,616	\$ 10,018
Adjusted OIBDA	1,827	1,897
Depreciation and amortization	(641)	(596)
Stock compensation	(49)	(85)
Impairment of intangible assets	-	(92)
<b>Operating Income</b>	<b>\$ 1,137</b>	<b>\$ 1,124</b>

1) A reconciliation for the Liberty Interactive Group of adjusted OIBDA to operating income calculated in accordance with GAAP for the three months ended December 31, 2011, March 31, 2011, June 30, 2012, September 30, 2012 and December 31, 2012, respectively.

2) A reconciliation for the Liberty Interactive Group of adjusted OIBDA to operating income calculated in accordance with GAAP for the years ended December 31, 2011 and 2012, respectively.

LIBERTY  
**INTERACTIVE**  
 CORPORATION

# Reconciling Schedules (Schedule 2)

(\$ millions)

<b>Liberty Interactive Group</b>	<b>4 Q11</b>	<b>1 Q12</b>	<b>2 Q12</b>	<b>3 Q12</b>	<b>4 Q12</b>
<b>QVC Adjusted OIBDA</b>					
QVC US	\$ 401	\$ 270	\$ 315	\$ 278	\$ 429
QVC Japan	78	63	70	67	79
QVC Germany	69	46	39	36	58
QVC UK	40	20	21	21	42
QVC Italy	(9)	(9)	(7)	(5)	(5)
QVC International adjusted OIBDA	\$ 178	\$ 120	\$ 123	\$ 119	\$ 174
Consolidated QVC adjusted OIBDA	\$ 579	\$ 390	\$ 438	\$ 397	\$ 603
Depreciation and amortization	(176)	(127)	(129)	(129)	(141)
Stock compensation	(6)	(5)	(8)	(8)	(13)
<b>Operating Income</b>	<b>\$ 397</b>	<b>\$ 258</b>	<b>\$ 301</b>	<b>\$ 260</b>	<b>\$ 449</b>
<b>QVC Operating Income</b>					
QVC US	254	171	214	173	312
QVC International	143	87	87	87	137
Total QVC Operating Income	\$ 397	\$ 258	\$ 301	\$ 260	\$ 449
<b>eCommerce Businesses</b>					
Adjusted OIBDA	\$ 49	\$ 34	\$ 23	\$ 4	\$ 35
Depreciation and amortization	(17)	(17)	(16)	(18)	(19)
Stock compensation	(2)	(2)	(8)	(3)	(2)
Impairment of intangible assets	-	-	-	(39)	(53)
<b>Operating Income (Loss)</b>	<b>\$ 30</b>	<b>\$ 15</b>	<b>\$ (1)</b>	<b>\$ (56)</b>	<b>\$ (39)</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 December 31, 2011, March 31, 2011, June 30, 2012, September 30, 2012 and December 31, 2012, respectively.

**LIBERTY**  
**INTERACTIVE**  
CORPORATION

# Reconciling Schedules (Schedule 2)

(\$ millions)

<b>Liberty Interactive Group</b>	<u>2011</u>	<u>2012</u>
<b>QVC Adjusted OIBDA</b>		
QVC US	\$ 1,225	\$ 1,292
QVC Japan	241	279
QVC Germany	199	179
QVC UK	111	104
QVC Italy	(43)	(26)
QVC International adjusted OIBDA	\$ 508	\$ 536
Consolidated QVC adjusted OIBDA	\$ 1,733	\$ 1,828
Depreciation and amortization	(574)	(526)
Stock compensation	(22)	(34)
<b>Operating Income</b>	<b>\$ 1,137</b>	<b>\$ 1,268</b>
<b>QVC Operating Income</b>		
QVC US	776	870
QVC International	361	398
Total QVC Operating Income	\$ 1,137	\$ 1,268
<b>eCommerce Businesses</b>		
Adjusted OIBDA	\$ 123	\$ 96
Depreciation and amortization	(66)	(70)
Stock compensation	(2)	(15)
Impairment of intangible assets	-	(92)
<b>Operating Income (Loss)</b>	<b>\$ 55</b>	<b>\$ (81)</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 years ended December 31, 2011 and 2012, respectively.

LIBERTY  
**INTERACTIVE**  
CORPORATION

# Reconciling Schedules (Schedule 3)

(amounts in millions)

	9/30/12	12/31/12
<b>Cash and Liquid Investments Attributable to:</b>		
Liberty Interactive Group	\$ 558	\$ 699
Liberty Ventures Group <sup>(1)</sup>	1,235	2,147
<b>Total Liberty Consolidated Cash (GAAP)</b>	<b>\$ 1,793</b>	<b>\$ 2,846</b>
<b>Less:</b>		
Short-term marketable securities - Liberty Ventures	-	186
	<b>\$ 1,793</b>	<b>\$ 2,660</b>
<b>Debt:</b>		
Senior Notes & Debentures <sup>(1)</sup>	\$ 1,070	\$ 1,032
QVC Senior Notes <sup>(1)</sup>	2,500	2,500
QVC Bank Credit Facility	851	903
Other	118	125
<b>Total Attributed Liberty Interactive Group Debt</b>	<b>\$ 4,539</b>	<b>\$ 4,560</b>
Unamortized Discount	(19)	(18)
<b>Total Attributed Liberty Interactive Group Debt (GAAP)</b>	<b>\$ 4,520</b>	<b>\$ 4,542</b>
Senior Exchangeable Debentures <sup>(2)</sup>	2,852	2,852
TripAdvisor Debt Facilities	-	412
<b>Total Attributed Liberty Ventures Group Debt</b>	<b>\$ 2,852</b>	<b>\$ 3,264</b>
less: Fair Market Value Adjustment	(15)	78
<b>Total Attributed Liberty Ventures Group Debt (GAAP)</b>	<b>\$ 2,837</b>	<b>\$ 3,342</b>
<b>Total Liberty Interactive Corporation Debt (GAAP)</b>	<b>\$ 7,357</b>	<b>\$ 7,884</b>

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

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

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