



2016 Investor Day

November 10, 2016

Forward-Looking Statement

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 anticipated benefits and synergies resulting from our acquisition of zulily, future financial prospects, international expansion, new service and product offerings, the monetization of our non-core assets, the performance of QVC US, the continuation of our stock repurchase program, the estimated liabilities under exchangeable debentures and the ability of invested cash flows to meet obligations under the 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 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. During today's presentation we will discuss certain non-GAAP financial measures including adjusted OIBDA, adjusted OIBDA margin, adjusted net income and free cash flow. Please refer to the Appendix at the end of the Liberty Ventures Group portion of this presentation for definitions and applicable GAAP reconciliations. The Appendix will be available on our website www.libertyinteractive.com throughout this meeting.

Agenda

12:15 – 12:25	Welcome.....	Courtnee Chun
12:25 – 12:40	QVC Group.....	Greg Maffei & Mark Carleton
12:40 – 1:05	QVC.....	Mike George
1:05 – 1:15	zulily	Darrell Cavens
1:15 – 1:25	Liberty Ventures.....	Greg Maffei & Mark Carleton
1:25 – 1:35	Liberty Expedia.....	Chris Shean
1:35 – 1:50	CommerceHub....	Frank Poore
1:50 – 1:55	Liberty Broadband.....	Greg Maffei
1:55 – 2:15	Charter.....	Tom Rutledge
2:15 – 3:00	Q&A.....	John Malone & Greg Maffei





“And now back to Q”








Greg Maffei – President & CEO

QVC Group – Discovery-based, Shopping Pure-play

- QVC International and zulily performing better
- Working to return QVC US to normalized trajectory



(Figures in millions except %'s and Orders)

		LTM Growth	    	LTM Growth ⁽¹⁾		LTM Growth
LTM Customers:	8.1	0%	4.6	4%	5.0	2%
LTM Revenue:	\$6,262	1%	\$2,562	3%	\$1,523 ⁽⁴⁾	16%
LTM OIBDA:	\$1,476	-1% ⁽²⁾	\$434 ⁽³⁾	0% ⁽²⁾	\$110 ⁽⁴⁾	105%
% e-comm (Revenue):	51%		33%		100%	
% Mobile (e-comm):	55%		60%		66%	
Avg. Orders/Cust/Year	25		23		6	

(1) Growth rate on constant currency basis and excluding impact of cost reallocation from US to International.

(2) Excluding impact of cost reallocation from US to International.

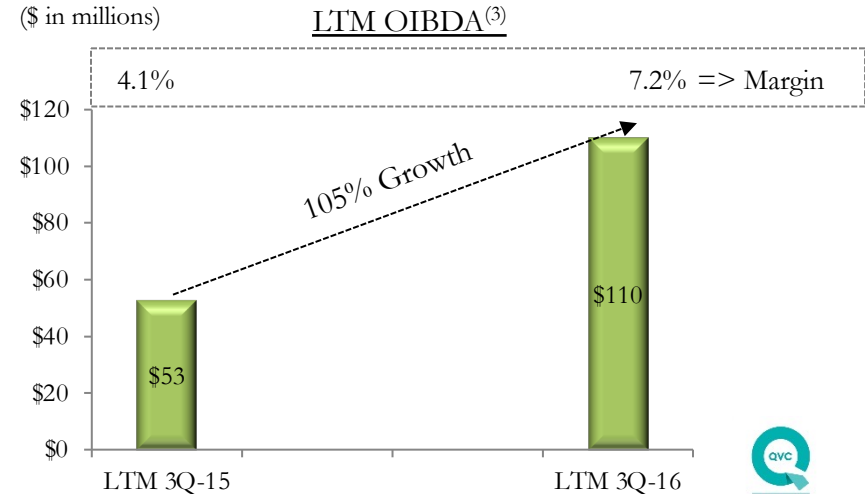
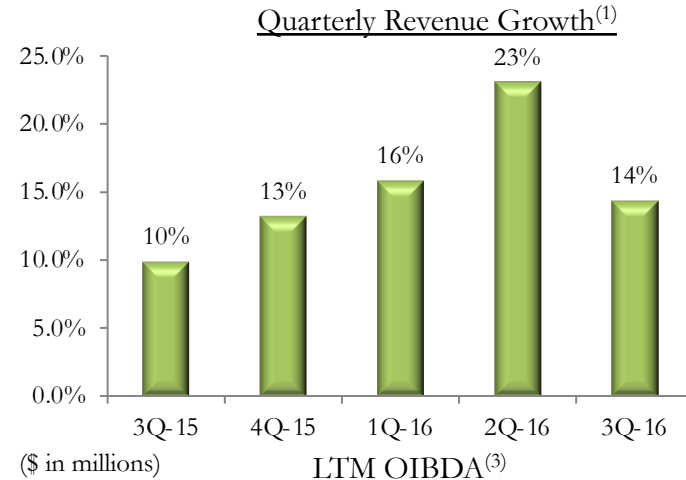
(3) Adjusted for France start up expenses of \$31m.

(4) Adjusted to add back \$17 million reduction in deferred revenue associated with purchase accounting.



zulily Operating Performance Confirms Investment Thesis

- Impressive revenue growth profile since August 2015 acquisition announcement
 - Driven by improvements in marketing, assortment expansion and customer experience
 - Revenue synergies from QVC Group acquisition still ramping
- Strong progress expanding margins
 - Benefits of increasing scale
 - Progress optimizing fulfillment cost structure
 - Modest, early cost synergies
- More runway on margin expansion
- Over past four quarters, zulily has increased QVC Group revenue and OIBDA growth rates by 2.0% and 2.9%, respectively⁽²⁾



(1) Versus comparable prior year quarter.

(2) Assumes QVC Group had owned zulily for past 8 quarters. QVC Group began consolidating zulily in 4Q-15.

(3) Adjusted to add back \$17 million reduction in deferred revenue associated with purchase accounting.

QVC + zulily: Executing to Plan

Added Talent



Mark Vadon
Director, Liberty Interactive
Co-Founder of zulily



Darrell Cavens
President and CEO, zulily
Co-Founder of zulily



Lori Twomey
Chief Merchant, zulily



Bob Spieth
EVP Customer and Business
Services, QVC & zulily

Cross-promoting platforms



Expanding zulily vendors



QVC Clearance Platform



QVC US – Working Through Near Term Challenges, But Still Great Business

- Recent decline in performance for QVC is not structural
 - Viewership, retention and average customer demographics have remained stable
- Significant contributors to recent sales decline:
 - Challenges in key product areas
 - Increased promotional competition
 - Macro/geo-political factors
- Factors receiving disproportionate market attention as supposed drivers of recent decline
 - Easy-Pay
 - Amazon
 - Cord cutting
- Structural change would likely manifest as steady erosion of operating results



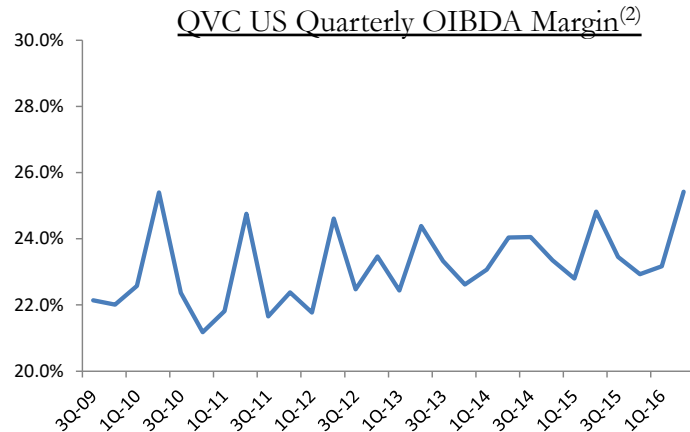
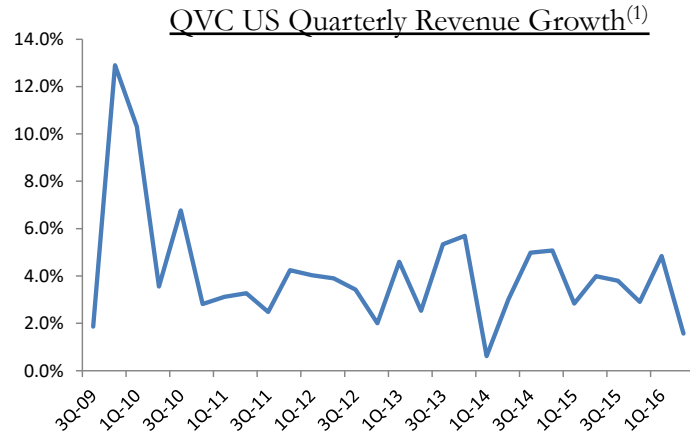
Proactively Responding Across Business

- Team is working proactively to return QVC US to normalized financial results
 - Pursuing new product trends
 - Refining pricing
 - Adding distribution (Beauty iQ)
 - Expanding digital (i.e., Facebook Live and OTT)
 - Cost reduction initiatives targeting \$25-30m in annual savings
 - Moving forward with previously announced initiatives that will add value over coming years, including Global Business Services Center and West Coast Distribution Center
- Working to grow long-term value of franchise. Avoiding actions with short-term motivations:
 - Excessive use of clearance activity
 - Keep customer habituated to QVC model of first-price-best-price
 - Modest clearance to maintain healthy inventory and better compete in end of season promotional environments (especially Q3)
 - Further ramping Easy-Pay penetration to paper over sales decline
 - Carefully managing penetration based on sales efficacy and bad debt exposure
 - Still see Easy-Pay as important part of value proposition
 - Investment in low ROI marketing
 - QVC has historically spent less than 1% of revenue on marketing
 - Continuous experimentation with marketing channels, but must produce attractive ROI to scale
 - Presence on TV dial and word of mouth have been primary awareness drivers

Long History of Stable Results

- QVC US posted 28 consecutive quarters of revenue growth through 2Q-16
- Liberty appreciates QVC's unique combination of:
 - Stable revenue growth
 - High margins
 - Reasonable capital requirements
- First down quarter in past seven years does not change this assessment
- QVC distribution model has sustainable competitive advantage based on
 - Programming/inventory flexibility
 - Entertainment/demonstration based medium
 - Difficult to replicate infrastructure
 - Economies of scale (with vendors and distributors)
 - Embedded vendor advertising value

(as of 6/30/16)



(1) Versus comparable prior year quarter.

(2) Includes benefit of cost reallocation between QVC US and QVC International beginning in 1Q-16.

Buyback Philosophy

- QVC Group continues to be levered return of capital story
 - Highly cash generative
 - Mandate for focused M&A (e.g., zulily)
 - Tax efficient return of capital
- Buyback has run at roughly levered free cash flow over past few years (+/- \$800m per annum)
- Relevant considerations for buyback pace
 - Buyback ROIC
 - Financial policy
 - QVC drew down \$900m on revolving credit facility to fund zulily acquisition and additional \$345m⁽¹⁾ to fund repayment of 1% HSNI exchangeable
 - Current leverage at 2.8x (pro forma for repayment of 1% HSNI Exchangeable), above stated leverage target of 2.5x
 - Financial maintenance covenant at 3.5x an additional consideration
- Buybacks have been used as steady return of capital program
 - Recent share price movements have not changed this philosophy
 - Attractive LTM levered free cash flow yield of 9-10%

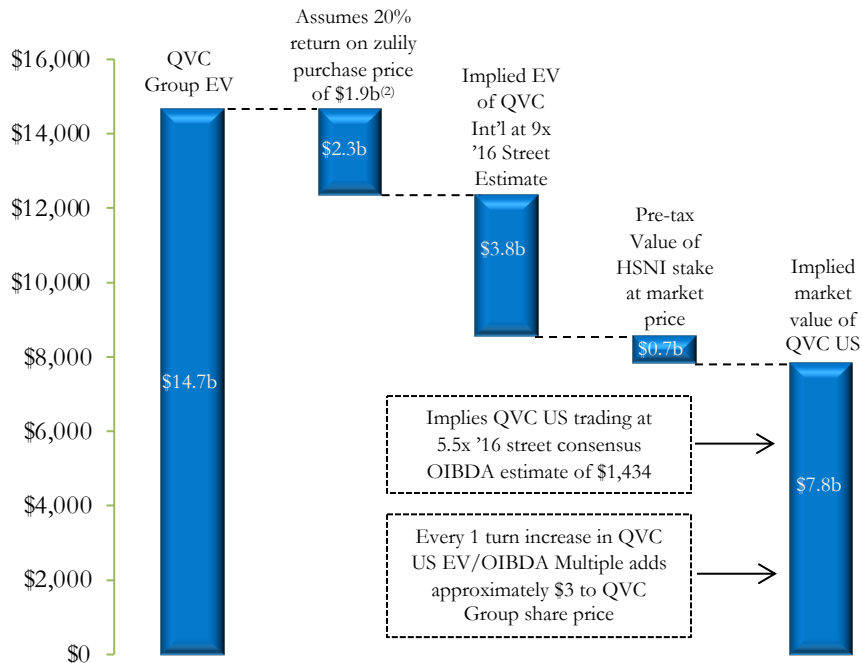
(1) Including borrowings by zulily.

Mark Carleton – CFO

Market Overly Discounting Value of QVC US

Implied Value of QVC US at 5.5x '16E OIBDA⁽¹⁾...

(Figures in billions)



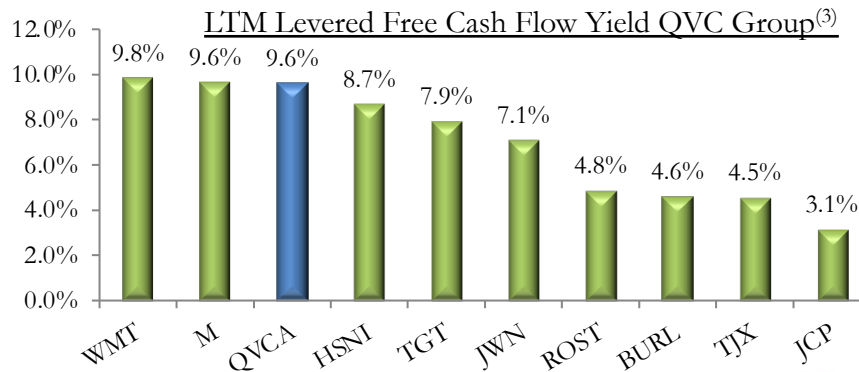
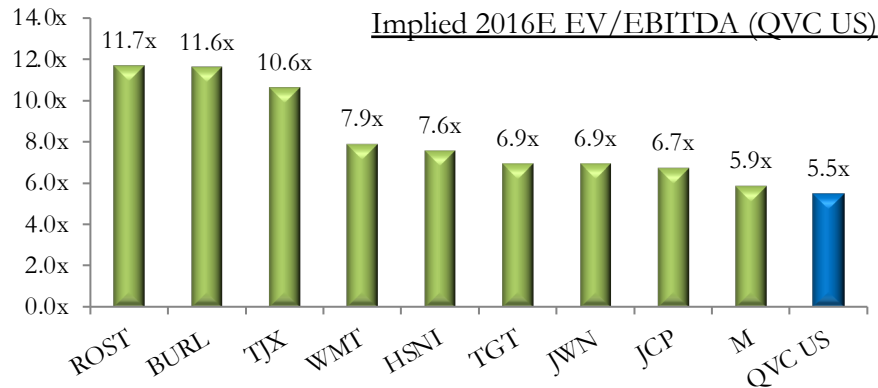
Note: Market data as of 11/3/16.

(1) Based on street consensus 2016 OIBDA estimates for QVC US.

(2) Excludes cash at zulily at time of acquisition.

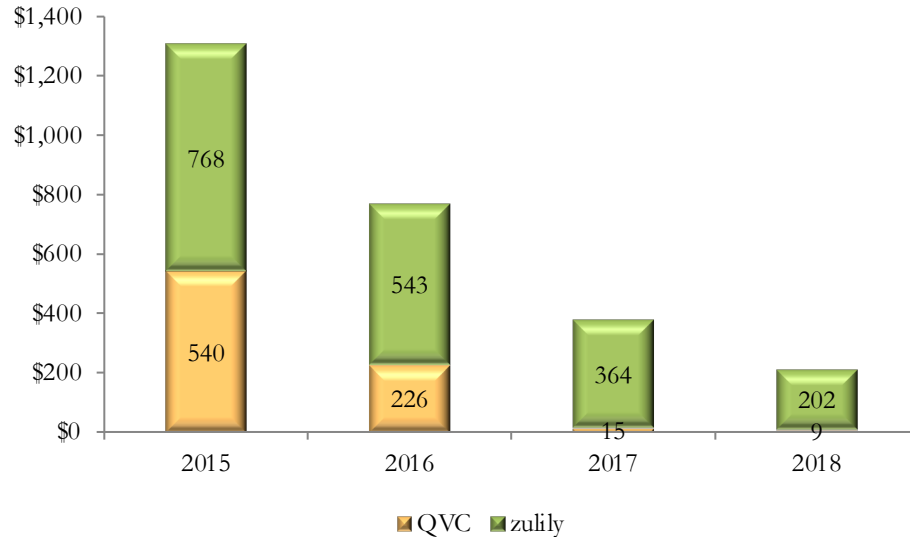
(3) Free cash flow (FCF) defined as operating income less capex. QVC Group free cash flow further reduced by distribution rights payments and dividends to Mitsui. Levered FCF yield calculated as FCF divided by equity value.

...More Akin to Department Store Multiple



Review of Purchase Accounting Amortization

QVC Group Intangible Asset Balance



QVC Group Purchase Accounting Amort.

- QVC purchase accounting (“PA”) dates back to 2003 acquisition of Comcast’s interest in QVC
- QVC PA amortization rolls off in 2H 2017
- Additional PA amortization associated with zulily acquisition
- PA amortization is not deductible for cash tax purposes

Adjusted Net Income

- Important to properly adjust for purchase accounting amortization when using a P/E valuation metric
- Purchase accounting amortization doesn't represent a cash expense for QVC Group and provides no tax shield benefit

QVC Group Adjusted Net Income

	<u>4Q15</u>	<u>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>LTM</u>
QVC Group					
QVC GAAP net income ⁽¹⁾	\$ 223	90	127	61	\$ 501
QVC Purchase accounting amort., net of deferred tax benefit ⁽²⁾	50	50	50	50	200
zulily Purchase accounting amort., net of deferred tax benefit ⁽³⁾	39	36	38	37	150
QVC Group Adjusted net income	<u>\$ 312</u>	<u>176</u>	<u>215</u>	<u>148</u>	<u>\$ 851</u>
QVCA/B shares outstanding as of October 31, 2016					467
Adjusted LTM earnings per share					1.82
Current QVCA share price (as of 11/3/2016)					\$ 18.26
Price / adjusted earnings per share					10.0x

(1) zulily's results for the fourth quarter 2015 include the impact of a \$17 million non-cash, one-time reduction in deferred revenue due to purchase accounting, net of book deferred tax benefit.

(2) Add-back relates to non-cash, non-tax deductible purchase accounting amortization from Liberty Interactive's acquisition of QVC, net of book deferred tax benefit (gross non-cash, non-tax deductible purchase accounting amortization is expected to be \$316 million for the twelve months ended December 31, 2016, and is applied ratably across the four quarters in each year).

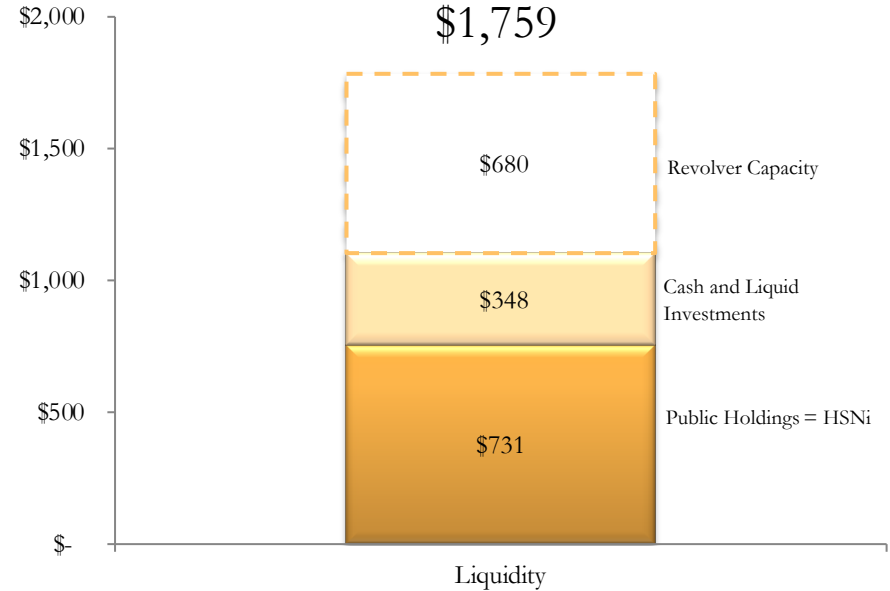
(3) Add-back relates to non-cash, non-tax deductible purchase accounting amortization from Liberty Interactive's acquisition of zulily, net of book deferred tax benefit.

QVC Group Liquidity

Cash, Liquid Investments and Public Holdings

Pro Forma as of 9/30/16		
Revolver capacity		
QVC: \$2,650m total capacity - \$1,970m used ⁽¹⁾	\$680	
Cash and liquid investments		
QVC balance sheet cash and liquid investments	\$348	
Public holdings		
HSNi ⁽²⁾ : 20m shares x \$36.50/share	\$731	

\$ in millions



Market data as of 11/3/16.

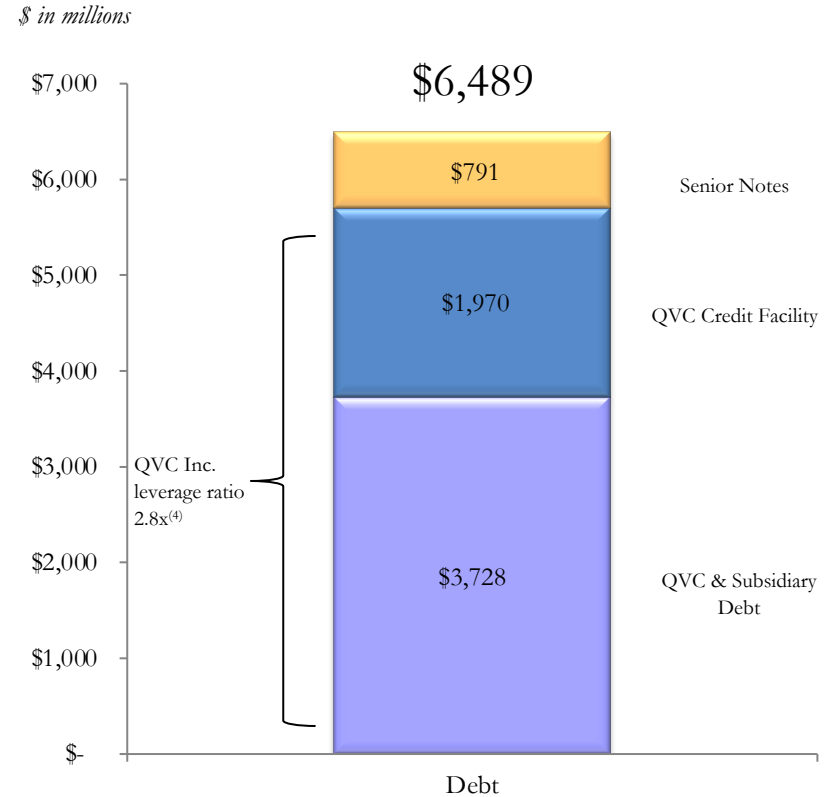
(1) Includes \$345m drawn post 9/30/16 to repay 1% HSNi Exchangeable Debentures.

(2) Represents the fair value of QVC Group's investment in HSNi as of 11/3/16. HSNi is accounted for as an equity method investment by Liberty Interactive.

QVC Group Debt

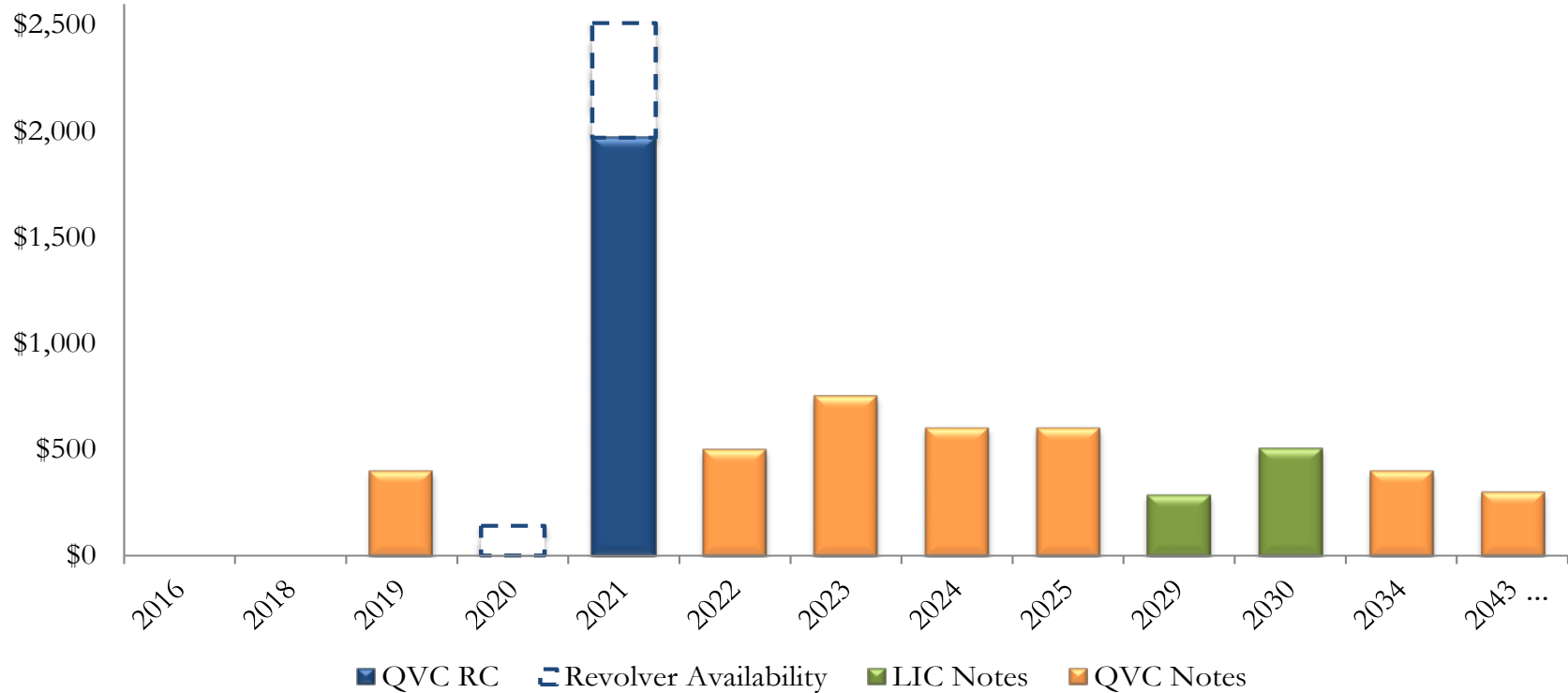
Pro Forma Debt Outstanding as of 9/30/2016 ⁽¹⁾		
Senior notes and debentures⁽²⁾		\$791
8.5% senior debentures	\$287	
8.25% senior debentures	\$504	
QVC Credit Facility⁽³⁾		\$1,970
QVC senior notes and subsidiary debt		\$3,728
QVC 3.125% senior secured notes due 2019	\$400	
QVC 5.125% senior secured notes due 2022	\$500	
QVC 4.375% senior secured notes due 2023	\$750	
QVC 4.850% senior secured notes due 2024	\$600	
QVC 4.45% senior secured notes due 2025	\$600	
QVC 5.45% senior secured notes due 2034	\$400	
QVC 5.95% senior secured notes due 2043	\$300	
Other subsidiary debt	\$178	

- (1) 1% HSNi Exchangeable Debentures were repaid post 9/30/16.
- (2) Face amount as of 9/30/16 with no reduction for the unamortized discount.
- (3) Includes \$345m drawn post 9/30/16 to repay 1% HSNi Exchangeable Debentures.
- (4) Inclusive of zulily OIBDA.



Well Diversified, Low Cost Maturities across QVC Group

- Weighted average cost of debt 4.0% (pre-tax)



(1) Note: Includes the repayment of 1% HSNI Exchangeable Debentures, which occurred after 9/30/16.

Appendix

Non-GAAP Financial Measures

This presentation includes the use of adjusted OIBDA, which is a non-GAAP financial measure, for QVC (and certain of its subsidiaries) and zulily together with a reconciliation to that entity or such businesses' operating income, as determined under GAAP. Liberty Interactive defines adjusted OIBDA as revenue less cost of sales, operating expenses, and selling, general and administrative expenses, excluding all stock based compensation, and excludes from that definition depreciation and amortization that are included in the measurement of operating income pursuant to GAAP. In addition, for purposes of this presentation, start-up costs associated with QVC France and purchase accounting related deferred revenue at zulily have been added back to adjusted OIBDA. The purchase accounting related deferred revenue at zulily has also been added back to GAAP revenue in this presentation (described herein as adjusted revenue). 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 each business' 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 applicable reconciliations.

This presentation also includes references to adjusted net income, which is a non-GAAP financial measure, for QVC Group. Liberty Interactive defines adjusted net income as net income, excluding the impact of purchase accounting amortization (net of deferred tax benefit).

Liberty Interactive believes adjusted net income is an important indicator of financial performance, in particular for QVC Group, due to the impact of purchase accounting amortization. Because adjusted net income is used as a measure of overall financial performance, Liberty Interactive views net income as the most directly comparable GAAP measure. Adjusted net income is not meant to replace or supersede net income or any other GAAP measure, but rather to supplement such GAAP measures in order to present investors with a supplemental metric of financial performance.

Reconciliations

	4Q-15	1Q-16	2Q-16	3Q-16	LTM
QVC Group					
QVC Adjusted OIBDA					
QVC US	\$479	326	363	308	1,476
QVC International	129	89	100	85	403
Add back for France start-up costs	9	7	8	7	31
QVC International adjusted OIBDA <i>(as presented)</i>	138	96	108	92	434
QVC Consolidated adjusted OIBDA <i>(as presented)</i>	617	422	471	400	1,910
France start-up costs	(9)	(7)	(8)	(7)	(31)
Depreciation and amortization	(146)	(148)	(146)	(154)	(594)
Stock compensation	(7)	(6)	(10)	(8)	(31)
Operating Income	\$455	261	307	231	1,254
zulily					
Revenue	426	355	366	359	1,506
Add back for purchasing accounting deferred revenue	17	0	0	0	17
Adjusted Revenue	\$443	355	366	359	1,523
Adjusted OIBDA	21	23	31	18	93
Add back for purchasing accounting deferred revenue	17	0	0	0	17
Adjusted OIBDA <i>(as presented)</i>	38	23	31	18	110
Purchase accounting deferred revenue	(17)	0	0	0	(17)
Depreciation and amortization	(69)	(61)	(68)	(65)	(263)
Stock compensation	(5)	(5)	(6)	(5)	(21)
Operating Income	(\$53)	(43)	(43)	(52)	(191)

	LTM 3Q-15
Adjusted OIBDA	\$53
Depreciation and amortization	\$19
Stock compensation	\$18
Acquisition Related Expenses	\$30
Operating Income	(\$67)