

August 8, 2012



## Liberty Interactive Reports Second Quarter 2012 Financial Results

ENGLEWOOD, Colo.--(BUSINESS WIRE)-- Liberty Interactive Corporation ("Liberty Interactive") (Nasdaq: LINTA, LINTB) today reported second quarter results. Highlights include<sup>(1)</sup>:

- Grew consolidated QVC revenue by 4% and adjusted OIBDA<sup>(2)</sup> by 5%
  - Received government approval and finalized our joint venture in China in July
  - Raised \$500 million in 10-year senior secured notes with a coupon of 5.125%
  - [QVC.com](http://QVC.com) revenue as a percent of total US revenue increased to 39%
  - Operating income increased 7%
- Holding annual stockholder meeting today to vote on creation of new Liberty Ventures tracking stock
- Repurchased \$257 million of Liberty Interactive stock from May 1, 2012 through June 29, 2012, after which we mailed our proxy statement

"QVC continues to produce solid results despite a challenging macroeconomic environment. We were pleased we received government approval in China and finalized our joint venture with China National Radio in July," stated Greg Maffei, Liberty Interactive President and CEO. "We have a stockholder vote later today and expect our new Liberty Ventures tracking stock to begin trading on August 10. We continued our share repurchases reinvesting \$257 million."

Liberty Interactive's revenue increased 5% to \$2.4 billion in the second quarter, adjusted OIBDA increased 1% to \$455 million and operating income increased 1% to \$290 million. The increase in revenue was due to favorable results at QVC and the eCommerce companies. The increase in adjusted OIBDA and operating income for the quarter was due to favorable results at QVC which were offset by diminished results at the eCommerce companies.

### **QVC**

QVC's consolidated revenue increased 4% in the second quarter to \$2.0 billion. During the same period, adjusted OIBDA increased 5% to \$438 million and operating income increased 7% to \$301 million.

"QVC's performance was driven by another strong quarter of eCommerce and mobile purchasing, a trend that continues to accelerate across our global markets," said QVC President and CEO, Mike George. "Our customers are embracing QVC's unique digital

shopping experience, fueled by great values on distinctive products across each of our growing platforms.”

QVC's U.S. revenue increased 4% to \$1.3 billion in the second quarter, while gross product revenue increased 5% as a result of strength in beauty, electronics and apparel products. This was reduced to a 4% increase overall due to an increase in second quarter returns as a percent of gross product revenue of 117 basis points primarily due to increased return rates in apparel, health, beauty and jewelry due to the mix of products within those categories. Average selling price ("ASP") increased 5% from \$52.02 to \$54.84, while units sold remained flat compared to the prior year second quarter. In the same period, eCommerce revenue increased 15% to \$498 million and grew to 39% from 35% as a percentage of total U.S. revenue. Adjusted OIBDA increased 3% to \$315 million, with adjusted OIBDA margin<sup>(2)</sup> decreasing slightly due to lower product margins.

QVC's international revenue increased 4% in the second quarter to \$694 million. The second quarter results included the negative impact of the strengthening of the U.S. Dollar against the Euro and U.K. Pound Sterling that was somewhat offset by the positive impact of the weakening of the U.S. Dollar against the Japanese Yen. International adjusted OIBDA increased 9% to \$123 million and adjusted OIBDA margin increased 76 basis points in the second quarter.

QVC Japan's revenue grew 13% in local currency in the second quarter primarily due to increased sales in home and apparel as well as the earthquake and related events experienced last March. QVC Japan's ASP in local currency increased 3% and units shipped increased 12% in the second quarter. QVC Japan's second quarter returns as a percent of gross product revenue in local currency increased by 144 basis points primarily due to higher return rates in apparel, jewelry and home due to the mix of products within those categories. QVC Japan's adjusted OIBDA in local currency increased 16% and adjusted OIBDA margin increased 65 basis points in the second quarter. The increase in adjusted OIBDA margin was due primarily to lower commissions expense as a result of contract renegotiations and fixed commission fee revenue leverage as well as a higher absorption of warehouse and call center costs due to increased revenue. Product margins also increased primarily due to higher product margins in the beauty category.

QVC Germany's revenue declined 1% in local currency in the second quarter primarily due to decreased sales in health and fitness and apparel, somewhat offset by increased sales of beauty products. QVC Germany's ASP in local currency decreased 3% and units shipped declined 1% in the second quarter. QVC Germany's second quarter returns as a percent of gross product revenue in local currency improved by 219 basis points and was primarily due to a shift in mix from apparel to beauty. QVC Germany's adjusted OIBDA in local currency increased 7% and adjusted OIBDA margin increased 127 basis points in the second quarter. The improvement in OIBDA margin was driven by a reversal of earlier bonus accruals to better reflect current business results, along with expense management and lower returns volume.

QVC UK's revenue increased 4% in local currency in the second quarter primarily due to sales increases in beauty and apparel products. QVC UK's ASP in local currency increased 3% and units shipped increased 1% for the second quarter. QVC UK's second quarter returns as a percent of gross product revenue in local currency increased by 37 basis points

primarily due to a product mix shift to apparel. QVC UK's adjusted OIBDA in local currency decreased 16% and adjusted OIBDA margin decreased 342 basis points in the second quarter. The decrease in adjusted OIBDA margin was primarily due to higher duplicate running costs including an existing lease cancellation accrual associated with the transition to the UK's new headquarters in June 2012.

QVC Italy continued the trend upward with a 21% sequential sales growth in local currency over the first quarter of 2012. QVC Italy's sales were primarily from the home, beauty and apparel product categories.

QVC's outstanding bank and bond debt was \$2.3 billion at June 30, 2012.

### **eCommerce Businesses**

In the aggregate, Liberty Interactive's eCommerce businesses increased revenue 13% to \$391 million for the second quarter. Adjusted OIBDA decreased 36% to \$23 million for the quarter and operating income decreased to a loss of \$1 million. All but one of our eCommerce businesses reported an increase in revenue for the quarter as a result of increased marketing efforts driving additional traffic and increased conversion resulting from site optimization and broader inventory offerings. The decrease in adjusted OIBDA was the result of legal settlements, increased spending in paid search as a percentage of revenue, increased promotional activity to move seasonal inventory, lower advertising revenue due to pricing and a shift to mobile applications and a management compensation arrangement to retain key personnel for transition purposes at one of our eCommerce subsidiaries.

### **Share Repurchases**

From May 1, 2012 through June 29, 2012, after which we mailed our proxy statement, Liberty Interactive repurchased approximately 14.7 million Series A Liberty Interactive shares at an average cost per share of \$17.52 for total cash consideration of \$257.4 million. Since the creation of the Liberty Interactive stock in May 2006, Liberty Interactive has repurchased approximately 172.2 million shares at an average cost per share of \$18.99 for aggregate cash consideration of \$3.3 billion. These repurchases represent approximately 24.6% of the shares outstanding at the time of creation of the Liberty Interactive stock. As of July 31, 2012, Liberty Interactive had approximately \$429 million remaining under its stock repurchase authorization.

Liberty Interactive holds controlling interests in companies that are engaged in digital commerce, including QVC, Provide Commerce, Backcountry.com, Bodybuilding.com, Celebrate Interactive, CommerceHub, and Right Start, and also owns interests in HSN, Tree.com, Interval Leisure Group, TripAdvisor, Expedia and Lockerz.

### **FOOTNOTES**

- 1) Liberty Interactive Corporation's President and CEO, Gregory B. Maffei, will discuss these highlights and other matters in Liberty Interactive's earnings conference call which will begin at 10:00 a.m. (ET) on August 8, 2012. For information regarding how to access the call, please see "Important Notice" later in this document.
- 2) For a definition of adjusted OIBDA and applicable reconciliations and a definition of adjusted OIBDA margin, see the accompanying schedules.

## LIBERTY INTERACTIVE CORPORATION FINANCIAL METRICS

| <i>(amounts in millions)</i>             | 2Q11           | 2Q12         | % Change  |
|--|----------------|--------------|-----------|
| <b>Revenue</b>                           |                |              |           |
| QVC                                      |                |              |           |
| US                                       | \$1,232        | 1,280        | 4%        |
| International                            | 666            | 694          | 4%        |
| <b>Total QVC Revenue</b>                 | <b>1,898</b>   | <b>1,974</b> | <b>4%</b> |
| eCommerce businesses                     | 347            | 391          | 13%       |
| <b>Total Liberty Interactive Revenue</b> | <b>\$2,245</b> | <b>2,365</b> | <b>5%</b> |

### Adjusted OIBDA

|   |               |            |           |
|---|---------------|------------|-----------|
| QVC   |               |            |           |
| US  | \$ 305        | 315        | 3%        |
| International                                   | 113           | 123        | 9%        |
| <b>Total QVC Adjusted OIBDA</b>                 | <b>418</b>    | <b>438</b> | <b>5%</b> |
| eCommerce businesses                            | 36            | 23         | -36%      |
| Corporate and other                             | (4)           | (6)        | -50%      |
| <b>Total Liberty Interactive Adjusted OIBDA</b> | <b>\$ 450</b> | <b>455</b> | <b>1%</b> |

### Operating Income

|   |               |            |           |
|---|---------------|------------|-----------|
| QVC   |               |            |           |
| US  | \$ 204        | 214        | 5%        |
| International                                     | 77            | 87         | 13%       |
| <b>Total QVC Operating Income</b>                 | <b>281</b>    | <b>301</b> | <b>7%</b> |
| eCommerce businesses                              | 19            | (1)        | -105%     |
| Corporate and other                               | (12)          | (10)       | 17%       |
| <b>Total Liberty Interactive Operating Income</b> | <b>\$ 288</b> | <b>290</b> | <b>1%</b> |

## QVC OPERATING METRICS

| <i>(amounts in millions except average sale price amounts)</i> | 2Q11     | 2Q12   | % Change |
|--|----------|--------|----------|
| <b>QVC - US<sup>(1)</sup></b>                                  |          |        |          |
| Revenue  | \$ 1,232 | 1,280  | 4%       |
| Adjusted OIBDA   | \$ 305   | 315    | 3%       |
| Adjusted OIBDA margin  | 24.76%   | 24.61% | -15 bps  |
| Average sale price (ASP)                                       | \$ 52.02 | 54.84  | 5%       |

|                           |        |        |          |
|---------------------------|--------|--------|----------|
| Units sold                | 25.68  | 25.59  | 0%       |
| eCommerce % of US revenue | 35.08% | 38.89% | 381 bps  |
| Return rate               | 18.44% | 19.61% | -117 bps |

#### QVC - Japan<sup>(1)</sup>

|                          |        |        |        |
|--------------------------|--------|--------|--------|
| Revenue                  | \$ 269 | 310    | 15%    |
| Adjusted OIBDA           | \$ 59  | 70     | 19%    |
| Adjusted OIBDA margin    | 21.93% | 22.58% | 65 bps |
| Average sale price (ASP) | ¥6,179 | 6,376  | 3%     |
| Units sold               | 3.89   | 4.35   | 12%    |

#### QVC - Germany<sup>(1)</sup>

|                          |        |        |         |
|--------------------------|--------|--------|---------|
| Revenue                  | \$ 237 | 210    | -11%    |
| Adjusted OIBDA           | \$ 41  | 39     | -5%     |
| Adjusted OIBDA margin    | 17.30% | 18.57% | 127 bps |
| Average sale price (ASP) | €36.51 | 35.31  | -3%     |
| Units sold               | 5.99   | 5.92   | -1%     |

#### QVC - UK<sup>(1)</sup>

|                          |        |        |          |
|--------------------------|--------|--------|----------|
| Revenue                  | \$ 154 | 156    | 1%       |
| Adjusted OIBDA           | \$ 26  | 21     | -19%     |
| Adjusted OIBDA margin    | 16.88% | 13.46% | -342 bps |
| Average sale price (ASP) | £27.07 | 27.90  | 3%       |
| Units sold               | 3.74   | 3.79   | 1%       |

#### QVC - Italy<sup>(1)</sup>

|                          |          |         |      |
|--------------------------|----------|---------|------|
| Revenue                  | \$ 6     | 18      | 200% |
| Adjusted OIBDA           | \$ (13)  | (7)     | 46%  |
| Adjusted OIBDA margin    | -216.67% | -38.89% | NM   |
| Average sale price (ASP) | €32.83   | 32.71   | 0%   |
| Units sold               | 0.13     | 0.47    | NM   |

(1) Revenue and adjusted OIBDA change calculated in US dollars, not local currency

## NOTES

Unless otherwise noted, the foregoing discussion compares financial information for the three months ended June 30, 2012 to the same period in 2011.

On September 23, 2011, Liberty Interactive completed the split-off of a wholly owned subsidiary, Liberty Media Corporation ("LMC") (formerly known as Liberty CapStarz, Inc. and Liberty Splitco, Inc.) (the "Split-Off"). At the time of the Split-Off, LMC owned all the assets, businesses and liabilities attributed to the Liberty Capital and Liberty Starz tracking stock groups immediately prior to the Split-Off. The Split-Off was effected by means of a redemption of all of the Liberty Capital common stock and Liberty Starz common stock of

Liberty Interactive for all of the common stock of LMC. This transaction has been accounted for at historical cost due to the pro rata nature of the distribution.

Following the Split-Off, Liberty Interactive and LMC operate as separate, publicly traded companies, and neither has any stock ownership, beneficial or otherwise, in the other. In connection with the Split-Off, Liberty Interactive and LMC entered into certain agreements in order to govern certain of the ongoing relationships between the two companies after the Split-Off and to provide for an orderly transition. These agreements include a Reorganization Agreement, a Services Agreement, a Facilities Sharing Agreement and a Tax Sharing Agreement. Certain prior period amounts have been reclassified for comparability with the current presentation.

The following financial information is intended to supplement Liberty Interactive's consolidated statements of operations which are included in its Form 10-Q.

#### Fair Value of Public Holdings

| <i>(amounts in millions)</i>                          | 3/31/2012       | 6/30/2012    |
|---|-----------------|--------------|
| Expedia <sup>(1)</sup>                                | \$ 1,157        | 1,664        |
| TripAdvisor <sup>(1)</sup>                            | 1,235           | 1,169        |
| HSN <sup>(1)</sup>                                    | 761             | 808          |
| Interval Leisure Group and<br>Tree.com <sup>(1)</sup> | 311             | 348          |
| Non Strategic Public Holdings <sup>(2)</sup>          | 1,339           | 1,380        |
| <b>Total Liberty Interactive</b>                      | <b>\$ 4,803</b> | <b>5,369</b> |

(1) Represents fair value of Liberty Interactive's investments. In accordance with GAAP, Liberty Interactive 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 \$1,137 million and \$1,160 million at March 31, 2012 and June 30, 2012, respectively.

(2) Represents Liberty Interactive's non-strategic public holdings which are accounted for at fair value.

#### Cash and Debt

The following presentation is provided to separately identify cash and liquid investments and debt information.

| <i>(amounts in millions)</i>                  | 3/31/2012 | 6/30/2012 |
|---|-----------|-----------|
| Cash and liquid investments <sup>(1)</sup>    | \$ 802    | 790       |
| <b>Less: Short-term marketable securities</b> | 8         | 0         |

**Total Liberty Interactive Cash  
(GAAP)**

**\$ 794 790**

**Debt:**

|   |                 |              |
|---|-----------------|--------------|
| Senior notes and debentures <sup>(2)</sup>    | \$ 1,100        | 1,100        |
| Senior exchangeable debentures <sup>(3)</sup> | 2,965           | 2,854        |
| QVC senior notes <sup>(2)</sup>               | 2,000           | 2,000        |
| QVC bank credit facility                      | 382             | 302          |
| Other   | 97              | 118          |
| <b>Total Liberty Interactive Debt</b>         | <b>6,544</b>    | <b>6,374</b> |
| Unamortized discount                          | (19)            | (19)         |
| Fair market value adjustment                  | (342)           | (306)        |
| <b>Total Liberty Interactive Debt (GAAP)</b>  | <b>\$ 6,183</b> | <b>6,049</b> |

(1) Includes \$8 million of short-term marketable securities with an original maturity greater than 90 days as of March 31, 2012, which are included as other current assets on Liberty Interactive'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 unamortized discount or fair market value adjustment.

Total cash and liquid investments decreased \$12 million, primarily due to stock repurchases, debt repayments and capital expenditures. These cash outflows were partially offset by cash flow from operations at QVC and proceeds received from dispositions. Total debt decreased by \$170 million, primarily due to repayments on the QVC bank credit facility and \$111 million of extraordinary distributions made on the 3.5% senior exchangeable debentures as a result of the Motorola Mobility acquisition. These repayments were partially offset by borrowings at various eCommerce businesses.

**Important Notice:** Liberty Interactive Corporation (Nasdaq: LINTA, LINTB) President and CEO, Gregory B. Maffei will discuss Liberty Interactive's earnings release in a conference call that will begin at 10:00 a.m. (ET) on August 8, 2012. The call can be accessed by dialing (800) 967-7187 or (719) 457-2715 at least 10 minutes prior to the start time. Replays of the conference call can be accessed until 11:00 a.m. (ET) on August 15, 2012, by dialing (888) 203-1112 or (719) 457-0820 plus the pass code 4430057#. The call will also be broadcast live across the Internet and archived on our website. To access the webcast go to <http://www.libertyinteractive.com/events>. Links to this press release will also be available on the Liberty Interactive's website.

*This press release 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, new service and product offerings, the creation of the Liberty Ventures tracking stock, 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, our ability to satisfy the conditions to the creation of the Liberty Ventures tracking stock and market conditions conducive to stock repurchases. These forward-looking statements speak only as of the date of this press release, 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 press release.*

### Additional Information

*Nothing in this presentation shall constitute a solicitation to buy or an offer to sell shares of Liberty Interactive's proposed new tracking stock or Liberty Interactive's existing common stock. The offer and sale of shares of the proposed tracking stock will only be made pursuant to Liberty Interactive's effective registration statement. Liberty Interactive stockholders and other investors are urged to read the registration statement filed with the SEC, including the definitive proxy statement/prospectus contained therein, because they contain important information about the issuance of shares of the proposed tracking stock. Copies of Liberty Interactive'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 are also 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 Interactive 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 stock. Information regarding the directors and executive officers of Liberty Interactive and other participants in the proxy solicitation and a description of their respective direct and indirect interests, by security holdings or otherwise, is available in the definitive proxy materials filed with the SEC.*

## **SUPPLEMENTAL INFORMATION**

As a supplement to Liberty Interactive's consolidated statements of operations, which are included in its Form 10-Q, the following is a presentation of quarterly information and operating metrics on a stand-alone basis for the largest privately held business (QVC) owned by Liberty Interactive at June 30, 2012, which Liberty Interactive has identified as a reportable segment.

Please see below for the definition of adjusted OIBDA and a discussion of why management believes the presentation of adjusted OIBDA for QVC provides useful information for investors. Schedule 2 to this press release provides a reconciliation of adjusted OIBDA for



each identified reportable segment to that segment's operating income for the same period, as determined under GAAP.

## QUARTERLY SUMMARY

| <i>(amounts in millions)</i>     | 2Q11    | 3Q11  | 4Q11  | 1Q12  | 2Q12  |
|----------------------------------|---------|-------|-------|-------|-------|
| <b>Liberty Interactive</b>       |         |       |       |       |       |
| <b>QVC</b>                       |         |       |       |       |       |
| Revenue – US                     | \$1,232 | 1,196 | 1,792 | 1,240 | 1,280 |
| Revenue – International          | 666     | 690   | 857   | 692   | 694   |
| Revenue – Total                  | \$1,898 | 1,886 | 2,649 | 1,932 | 1,974 |
| Adjusted OIBDA – US              | 305     | 259   | 401   | 270   | 315   |
| Adjusted OIBDA – International   | 113     | 114   | 178   | 120   | 123   |
| Adjusted OIBDA – Total           | \$ 418  | 373   | 579   | 390   | 438   |
| Operating income – US            | 204     | 159   | 254   | 171   | 214   |
| Operating income – International | 77      | 75    | 143   | 87    | 87    |
| Operating income – Total         | \$ 281  | 234   | 397   | 258   | 301   |
| Gross margin – US                | 37.5%   | 35.7% | 34.6% | 35.6% | 37.2% |
| Gross margin – International     | 38.0%   | 36.7% | 37.4% | 37.7% | 38.1% |

## **NON-GAAP FINANCIAL MEASURES**

This press release includes a presentation of adjusted OIBDA, which is a non-GAAP financial measure, for Liberty Interactive, QVC (and certain of its subsidiaries), and the eCommerce businesses together with a reconciliation to that entity's 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 stock and other equity-based compensation) and excludes from that definition depreciation and amortization and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Further, this press release 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.

## SCHEDULE 1

The following table provides a reconciliation of Liberty Interactive's adjusted OIBDA to its operating income calculated in accordance with GAAP for the three months ended June 30, 2011, September 30, 2011, December 31, 2011, March 31, 2012 and June 30, 2012, respectively.

### QUARTERLY SUMMARY

| <i>(amounts in millions)</i>  | <u>2Q11</u>   | <u>3Q11</u> | <u>4Q11</u> | <u>1Q12</u> | <u>2Q12</u> |
|-------------------------------|---------------|-------------|-------------|-------------|-------------|
| <b>Liberty Interactive</b>    |               |             |             |             |             |
| Adjusted OIBDA                | \$ 450        | 377         | 618         | 418         | 455         |
| Depreciation and amortization | (148)         | (151)       | (193)       | (143)       | (147)       |
| Stock compensation expense    | (14)          | (2)         | (17)        | (17)        | (18)        |
| <b>Operating Income</b>       | <b>\$ 288</b> | <b>224</b>  | <b>408</b>  | <b>258</b>  | <b>290</b>  |

## SCHEDULE 2

The following table provides a reconciliation of adjusted OIBDA for QVC (and certain of its subsidiaries) and the eCommerce businesses to that reportable segment's operating income (loss) calculated in accordance with GAAP for the three months ended June 30, 2011, September 30, 2011, December 31, 2011, March 31, 2012 and June 30, 2012, respectively.

### QUARTERLY SUMMARY

| <i>(amounts in millions)</i>     | <u>2Q11</u>   | <u>3Q11</u> | <u>4Q11</u> | <u>1Q12</u> | <u>2Q12</u> |
|----------------------------------|---------------|-------------|-------------|-------------|-------------|
| <b>Liberty Interactive</b>       |               |             |             |             |             |
| <b>QVC Adjusted OIBDA</b>        |               |             |             |             |             |
| QVC US                           | \$ 305        | 259         | 401         | 270         | 315         |
| QVC Japan                        | 59            | 61          | 78          | 63          | 70          |
| QVC Germany                      | 41            | 40          | 69          | 46          | 39          |
| QVC UK                           | 26            | 24          | 40          | 20          | 21          |
| QVC Italy                        | (13)          | (11)        | (9)         | (9)         | (7)         |
| QVC International adjusted OIBDA | \$ 113        | 114         | 178         | 120         | 123         |
| Consolidated QVC adjusted OIBDA  | \$ 418        | 373         | 579         | 390         | 438         |
| Depreciation and amortization    | (131)         | (133)       | (176)       | (127)       | (129)       |
| Stock compensation               | (6)           | (6)         | (6)         | (5)         | (8)         |
| <b>Operating Income</b>          | <b>\$ 281</b> | <b>234</b>  | <b>397</b>  | <b>258</b>  | <b>301</b>  |

**eCommerce Businesses**

|                                |              |            |           |           |            |
|--------------------------------|--------------|------------|-----------|-----------|------------|
| Adjusted OIBDA                 | \$ 36        | 9          | 49        | 34        | 23         |
| Depreciation and amortization  | (16)         | (17)       | (17)      | (17)      | (16)       |
| Stock compensation             | (1)          | 6          | (2)       | (2)       | (8)        |
| <b>Operating Income (Loss)</b> | <b>\$ 19</b> | <b>(2)</b> | <b>30</b> | <b>15</b> | <b>(1)</b> |

**LIBERTY INTERACTIVE CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)**

6/30/2012 12/31/2011  
amounts in millions

**ASSETS**

## Current assets:

|                                  |              |              |
|----------------------------------|--------------|--------------|
| Cash and cash equivalents        | \$ 790       | 847          |
| Trade and other receivables, net | 664          | 1,054        |
| Inventory, net                   | 1,096        | 1,071        |
| Other current assets             | 87           | 148          |
| <b>Total current assets</b>      | <b>2,637</b> | <b>3,120</b> |

|   |       |       |
|---|-------|-------|
| Investments in available-for-sale securities and other cost investments | 1,384 | 1,168 |
| Investments in affiliates, accounted for using the equity method        | 1,213 | 1,135 |

|                                 |              |              |
|---------------------------------|--------------|--------------|
| Property and equipment, at cost | 2,093        | 2,002        |
| Accumulated depreciation        | (925)        | (869)        |
|                                 | <u>1,168</u> | <u>1,133</u> |

## Intangible assets not subject to amortization:

|            |              |              |
|------------|--------------|--------------|
| Goodwill   | 5,985        | 5,978        |
| Trademarks | 2,525        | 2,518        |
|            | <u>8,510</u> | <u>8,496</u> |

|  |                  |               |
|--|------------------|---------------|
| Intangible assets subject to amortization, net         | 2,045            | 2,209         |
| Other assets, at cost, net of accumulated amortization | 74               | 78            |
| <b>Total assets</b>                                    | <b>\$ 17,031</b> | <b>17,339</b> |

**LIABILITIES AND EQUITY**

## Current liabilities:

|                                  |              |              |
|----------------------------------|--------------|--------------|
| Accounts payable                 | \$ 482       | 599          |
| Accrued liabilities              | 682          | 801          |
| Current portion of debt          | 1,485        | 1,189        |
| Deferred income tax liabilities  | 836          | 851          |
| Other current liabilities        | 372          | 128          |
| <b>Total current liabilities</b> | <b>3,857</b> | <b>3,568</b> |

|  |                  |               |
|--|------------------|---------------|
| Long-term debt, including \$2,548 million and \$2,443 million measured at fair value | 4,564            | 4,850         |
| Deferred income tax liabilities  | 2,083            | 2,046         |
| Other liabilities  | 218              | 248           |
| <b>Total liabilities</b>   | <b>10,722</b>    | <b>10,712</b> |
| Equity:  |                  |               |
| Total stockholders' equity   | 6,177            | 6,493         |
| Noncontrolling interests in equity of subsidiaries                                   | 132              | 134           |
| <b>Total equity</b>  | <b>6,309</b>     | <b>6,627</b>  |
| Commitments and contingencies  |                  |               |
| <b>Total liabilities and equity</b>  | <b>\$ 17,031</b> | <b>17,339</b> |

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**LIBERTY INTERACTIVE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (unaudited)**

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|   | Three months ended |                  |
|---|--------------------|------------------|
|   | <u>6/30/2012</u>   | <u>6/30/2011</u> |
|   | (in millions)      |                  |
| <b>REVENUE AND GROSS PROFIT:</b>  |                    |                  |
| Net retail sales  | \$ 2,365           | 2,202            |
| Cost of sales (exclusive of depreciation shown separately below)        | 1,488              | 1,401            |
| Gross Profit  | <u>877</u>         | <u>801</u>       |
| <b>OPERATING COSTS AND EXPENSES:</b>                                    |                    |                  |
| Operating   | 199                | 199              |
| Selling, general and administrative, including stock-based compensation | 241                | 241              |
| Depreciation and amortization   | 147                | 147              |
|   | <u>587</u>         | <u>587</u>       |
| Operating income  | 290                | 290              |
| <b>OTHER INCOME (EXPENSE):</b>  |                    |                  |
| Interest expense  | (107)              | (107)            |
| Share of earnings (losses) of affiliates, net                           | 35                 | 35               |
| Realized and unrealized gains (losses) on financial instruments, net    | (160)              | (160)            |
| Gains (losses) on dispositions, net                                     | 288                | 288              |
| Other, net  | 30                 | 30               |
|   | <u>86</u>          | <u>86</u>        |
| Earnings (loss) from continuing operations before income taxes          | 376                | 376              |
| Income tax (expense) benefit  | (127)              | (127)            |
| Earnings (loss) from continuing operations                              | <u>249</u>         | <u>249</u>       |

|   |        |
|---|--------|
| Earnings (loss) from discontinued operations, net of taxes                        | ---    |
| Net earnings (loss)   | 249    |
| Less net earnings (loss) attributable to the noncontrolling interests             | 15     |
| Net earnings (loss) attributable to Liberty Interactive Corporation shareholders  | \$ 234 |
| Net earnings (loss) attributable to Liberty Interactive Corporation shareholders: |        |
| Liberty Capital common stock  | NA     |
| Liberty Starz common stock  | NA     |
| Liberty Interactive common stock  | \$ 234 |
|   | \$ 234 |

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**LIBERTY INTERACTIVE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)**

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|   |                                  |
|---|----------------------------------|
|   | Six mont<br>6/30/2012<br>amounts |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                                  |
| Net earnings  | \$ 354                           |
| Adjustments to reconcile net earnings to net cash provided by operating activities: |                                  |
| (Earnings) loss from discontinued operations  | ---                              |
| Depreciation and amortization   | 290                              |
| Stock-based compensation  | 35                               |
| Share of (earnings) losses of affiliates, net                                       | (46)                             |
| Realized and unrealized (gains) losses on financial instruments, net                | 178                              |
| (Gains) losses on disposition of assets, net  | (288)                            |
| Deferred income tax expense (benefit)   | 26                               |
| Other, net  | (14)                             |
| Changes in operating assets and liabilities   |                                  |
| Current and other assets  | 357                              |
| Payables and other liabilities  | (162)                            |
| <b>Net cash provided (used) by operating activities</b>                             | <b>730</b>                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                                  |
| Cash proceeds from dispositions   | 348                              |
| Investment in and loans to cost and equity investees                                | (108)                            |
| Capital expended for property and equipment   | (151)                            |
| Net sales (purchases) of short term investments                                     | 46                               |
| Other investing activities, net   | (40)                             |
| <b>Net cash provided (used) by investing activities</b>                             | <b>95</b>                        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                                  |
| Borrowings of debt  | 666                              |

|  |               |
|--|---------------|
| Repayments of debt                                       | (873)         |
| Repurchases of Liberty Interactive common stock          | (637)         |
| Other financing activities, net                          | (26)          |
| <b>Net cash provided (used) by financing activities</b>  | <b>(870)</b>  |
| Effect of foreign currency exchange rates on cash        | (12)          |
| Net cash provided (used) by discontinued operations:     |               |
| Cash provided (used) by operating activities             | ---           |
| Cash provided (used) by investing activities             | ---           |
| Cash provided (used) by financing activities             | ---           |
| Change in available cash held by discontinued operations | ---           |
| Net cash provided (used) by discontinued operations      | ---           |
| Net increase (decrease) in cash and cash equivalents     | (57)          |
| Cash and cash equivalents at beginning of period         | 847           |
| <b>Cash and cash equivalents at end of period</b>        | <b>\$ 790</b> |

Liberty Interactive Corporation  
Courtnee Ulrich, 720-875-5420

Source: Liberty Interactive Corporation