

February 27, 2013



Liberty Interactive Corporation Reports Fourth Quarter and Year End 2012 Financial Results

ENGLEWOOD, Colo.--(BUSINESS WIRE)-- Liberty Interactive Corporation (“Liberty”) (Nasdaq: LINTA, LINTB, LVNTA, LVNTB) today reported fourth quarter and year end 2012 results. Highlights include⁽¹⁾:

Attributed to Liberty Interactive Group

- Grew consolidated QVC revenue by 2% and adjusted OIBDA⁽²⁾ 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 of the company with 57% of the total votes
- Announced full redemption of 3.25% exchangeable debentures due 2031

“QVC continues to produce solid results, with significant growth in eCommerce and mobile revenue. We are proud that a new customer satisfaction survey from ForeSee ranked QVC as one of the top performing mobile eCommerce companies,” stated Greg Maffei, Liberty President and CEO. “We accelerated our repurchases of Liberty Interactive stock and bought \$177 million worth of shares. Attributable to Liberty Ventures, we purchased additional shares of TripAdvisor acquiring voting control of the company.”

LIBERTY INTERACTIVE GROUP - Liberty Interactive Group’s revenue increased 2% to \$3.1 billion in the fourth quarter and 4% to \$10 billion for the year. Adjusted OIBDA

increased 1% to \$626 million for the quarter and 4% to \$1.9 billion for the year. Operating income decreased 7% to \$382 million for the quarter and 1% to \$1.1 billion for the year. The increase in revenue was the result of increased revenue for QVC and the eCommerce companies. The increase in adjusted OIBDA was due to favorable results at QVC, which was offset by unfavorable results at the eCommerce companies. The decrease in operating income was primarily due to the increase in stock compensation expense and the impairment of goodwill and intangible assets at certain eCommerce subsidiaries. Operating income has been reduced by \$325 million and \$323 million of non-tax-deductible amortization related to Liberty's acquisition of QVC for the years ended December 31, 2011 and 2012, respectively.

QVC

QVC's consolidated net revenue increased 2% in the fourth quarter to \$2.7 billion and 3% to \$8.5 billion for the year. Adjusted OIBDA increased 4% to \$603 million in the fourth quarter and 5% to \$1.8 billion for the year.

"We see 2012 as a year highlighted by global expansion and mobile leadership for QVC," said Mike George, QVC President and CEO. "We expanded globally by launching a joint venture in China and ended the year reaching 48 million homes in China, up from 32 million at the start of the year. Additionally, we completed important foundation work that will prepare us for more rapid global expansion in the coming years. Furthermore, QVC is now recognized as an industry leader in mobile commerce. We're truly changing the way the world shops – together with our loyal and expanding customer base."

QVC's US revenue increased 2% to \$1.8 billion in the fourth quarter and 3% to \$5.6 billion for the year. The fourth quarter and full year sales showed strength in home and beauty products and full year results also showed strength in apparel sales. For the fourth quarter and full year, these increases were partially offset by a decline in electronics and jewelry product sales. Average selling price ("ASP") increased 2% from \$60.35 to \$61.83 and units sold declined 1% compared to the prior year fourth quarter. The return rate was relatively flat compared to the prior year. For the full year, ASP increased 3% from \$55.74 to \$57.52 and units sold remained flat. Returns as a percent of gross product revenue increased 55 basis points due to the mix of products sold, namely apparel that returns at higher rates. In the fourth quarter, eCommerce revenue increased 10% to \$781 million and grew to 43% from 40% as a percentage of total US net revenue. For the year, eCommerce revenue increased 12% to \$2.2 billion and grew to 40% from 37% as a percentage of total US net revenue. Adjusted OIBDA increased 7% to \$429 million in the fourth quarter and 5% to \$1.3 billion for the year. Adjusted OIBDA margin⁽²⁾ increased 109 basis points and 50 basis points for the fourth quarter and the full year, respectively. Adjusted OIBDA margin increased in the fourth quarter and full year due partially to a \$20 million net favorable settlement that occurred in the fourth quarter. For the full year, adjusted OIBDA margin was also positively impacted by an improved gross margin as a result of a favorable net shipping and handling position including warehouse productivity and a decrease in credit card processing fees due to a change in US legislation associated with debit card purchases resulting in lower fees charged to merchants.

QVC's international revenue increased 1% in the fourth quarter to \$864 million and 3% to \$2.9 billion for the year. The fourth quarter results included the negative impact of the

strengthening of the US dollar against the Japanese Yen and Euro that was somewhat offset by the weakening of the US dollar against the Pound Sterling. The full year results included the negative impact of unfavorable exchange rates in each of QVC's markets. Adjusted OIBDA decreased 2% to \$174 million in the fourth quarter, but increased 6% to \$536 million for the year. Adjusted OIBDA margin decreased 63 basis points and increased 50 basis points for the fourth quarter and the full year, respectively.

QVC Japan's revenue grew 6% and 11% in local currency in the fourth quarter and the full year, respectively. The increases in the fourth quarter and the full year were primarily due to increased sales in home, apparel and accessories products. QVC Japan's ASP in local currency decreased 3% and 1% for the fourth quarter and the full year, respectively. However, units shipped increased 11% and 14% for the fourth quarter and the full year, respectively. QVC Japan's fourth quarter and year-to-date returns as a percent of gross product revenue in local currency increased 106 basis points and 92 basis points, respectively, due primarily to the shift in sales mix to apparel that returns at higher rates. QVC Japan's adjusted OIBDA in local currency increased 8% for the fourth quarter and 17% for the full year. Adjusted OIBDA margin remained flat and increased 99 basis points for the fourth quarter and the full year, respectively. Adjusted OIBDA margin increased for the full year primarily due to lower packaging expense, lower commissions expense as a percentage of revenue and fixed cost leverage.

QVC Germany's revenue declined 3% and 4% in local currency in the fourth quarter and the full year, respectively. The decrease in revenue in the fourth quarter was due primarily to declines in sales of home, beauty and electronics products, offset by an increase in apparel. Full year revenue declines were primarily due to decreases in sales in the health and fitness, apparel and accessories categories, partially offset by an increase in sales of beauty products. QVC Germany's ASP in local currency decreased 5% and 3% for the fourth quarter and the full year, respectively. Units shipped increased 1% in the fourth quarter, but decreased 3% for the full year. QVC Germany's fourth quarter return rate as a percent of gross product revenue in local currency increased 26 basis points from the prior year due primarily to increased sales of apparel products that have higher return rates, while full year returns as a percent of gross product revenue declined 138 basis points from the prior year due primarily to declining sales in higher return categories, including apparel. QVC Germany's adjusted OIBDA in local currency decreased 13% for the fourth quarter and decreased 3% for the full year. Adjusted OIBDA margin decreased 205 basis points and remained flat for the fourth quarter and the full year, respectively. Adjusted OIBDA margin decreased in the fourth quarter due primarily to unfavorable product margins.

QVC UK's revenue increased 3% in local currency for both the fourth quarter and the full year. The increase in the fourth quarter was primarily due to sales in the electronics and home categories. The increase in revenue for the full year was primarily due to an increase in sales of beauty products. QVC UK's ASP in local currency increased 7% and 3% for the fourth quarter and the full year, respectively. Units shipped decreased 3% in the fourth quarter and remained flat for the full year. QVC UK's fourth quarter and full year return rates as a percent of gross product revenue in local currency increased 27 and 28 basis points, respectively, from the prior year. QVC UK's adjusted OIBDA in local currency increased 1% for the fourth quarter, but decreased 6% for the full year. Adjusted OIBDA margin increased slightly and decreased 151 basis points for the fourth quarter and the full year, respectively. For the full year, adjusted OIBDA margin decreased primarily due to lower product margins

and higher transition and running costs associated with QVC UK's new headquarters move in June 2012.

QVC Italy continues the trend upward with sequential fourth quarter sales growth of 44% in local currency over the third quarter of 2012. QVC Italy's revenue increased 119% and 168% in local currency in the fourth quarter and the full year, respectively. QVC Italy's sales were primarily from the cooking and dining, beauty and apparel product categories. The adjusted OIBDA deficit improved by 44% in the fourth quarter and 34% for the year. QVC Italy's ASP in local currency increased 5% and 2% for the fourth quarter and the full year, respectively. Units shipped increased 111% in the fourth quarter and 171% for the full year.

On July 4, 2012, QVC entered into a joint venture with China Broadcasting Corporation, a limited liability company, owned by China National Radio ("CNR") for a 49% interest in a CNR subsidiary, CNR Home Shopping Co., Ltd. ("CNRS"). CNRS had sequential sales growth in the fourth quarter of 37% in local currency over the third quarter of 2012. CNRS revenue increased 14% and 85% in local currency for the fourth quarter and the full year 2012 compared to the same periods in 2011, respectively. This joint venture is being accounted for as an equity method investment, and as a result, QVC reported a \$1 million and \$4 million reduction in net income for the fourth quarter and full year, respectively.

QVC's outstanding bank and bond debt was \$3.4 billion at December 31, 2012, an increase of \$1.0 billion since the prior year. The increase was primarily associated with borrowings to fund the Liberty Ventures Group as part of the Liberty Interactive Group's recapitalization of its common stock.

eCommerce Businesses

In the aggregate, Liberty Interactive Group's eCommerce businesses increased revenue 5% to \$451 million for the fourth quarter and 11% to \$1.5 billion for the year. Adjusted OIBDA decreased 29% to \$35 million for the quarter and 22% to \$96 million for the year. Operating income decreased 230% to a \$39 million loss for the quarter and 247% to an \$81 million loss for the year. The increase in revenue was the result of increased marketing efforts driving additional traffic, greater conversion resulting from site optimization, broader inventory offerings and a lift in sales from discounted pricing of seasonal inventory. The decrease in adjusted OIBDA was the result of increased spending in paid search as a percentage of revenue, increased promotional activity to move seasonal inventory resulting in lower gross margins and lower advertising revenue due to pricing and a shift to mobile applications. The decrease in operating income was primarily due to an impairment of goodwill and other intangibles at Celebrate Interactive and Evite as a result of continued declining operating results and unfavorable trends during 2012.

Share Repurchases

From November 1, 2012 through January 31, 2013, Liberty repurchased approximately 9.0 million Series A Liberty Interactive shares at an average cost per share of \$19.76 for total cash consideration of \$177.0 million. Since the creation of the Liberty Interactive stock in May 2006, Liberty has repurchased approximately 184.2 million shares at an average cost per share of \$19.02 for aggregate cash consideration of \$3.5 billion. These repurchases represent approximately 26.3% of the shares outstanding at the time of creation of the Liberty Interactive stock. All repurchases up to August 9, 2012, the date on which the Liberty

Interactive stock was recapitalized to create the Liberty Ventures stock, were comprised of shares of the combined stocks. The total current repurchase authorization for Liberty Interactive Group stock is approximately \$1.2 billion.

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

LIBERTY VENTURES GROUP – Fair value of the equity method securities and non-strategic AFS securities attributed to the Liberty Ventures Group decreased from \$4.9 billion at September 30, 2012 to \$3.6 billion at December 31, 2012. The decrease is primarily attributable to the sale of 12 million shares of Expedia and the consolidation of TripAdvisor due to the acquisition of the controlling interest during the fourth quarter of 2012.

Share Repurchases

There were no repurchases of Liberty Ventures Group stock from November 1, 2012 through January 31, 2012. The Liberty Ventures Group does not have an outstanding stock repurchase authorization at this time.

The businesses and assets attributed to the Liberty Ventures Group are all of Liberty's businesses and assets other than those attributed to the Liberty Interactive Group and include its interests in TripAdvisor, and Expedia, and minority interests in Time Warner and Time Warner Cable.

FOOTNOTES

- 1) Liberty's President and CEO, Gregory B. Maffei, will discuss these highlights and other matters in Liberty's earnings conference call which will begin at 5:30 p.m. (ET) on February 27, 2013. 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 GROUP FINANCIAL METRICS - QUARTER

(amounts in millions)

	4Q11	4Q12	% Change
Revenue			
QVC			
US	\$ 1,792	\$ 1,828	2%
International	857	864	1%
Total QVC Revenue	2,649	\$ 2,692	2%
eCommerce businesses	430	451	5%
Total Liberty Interactive Group Revenue	\$ 3,079	\$ 3,143	2%

Adjusted OIBDA

QVC

US	\$	401	\$	429	7%
International		178		174	-2%
Total QVC Adjusted OIBDA		579		603	4%
eCommerce businesses		49		35	-29%
Corporate and other		(9)		(12)	-33%
Total Liberty Interactive Group Adjusted OIBDA	\$	619	\$	626	1%

Operating Income

QVC

US	\$	254	\$	312	23%
International		143		137	-4%
Total QVC Operating Income	\$	397	\$	449	13%
eCommerce businesses		30		(39)	-230%
Corporate and other		(18)		(28)	-56%
Total Liberty Interactive Group Operating Income	\$	409	\$	382	-7%

(amounts in millions)

Liberty Interactive Group Shares Outstanding	<u>1/31/2012</u>	<u>1/31/2013</u>
Outstanding A and B shares	575	542

LIBERTY INTERACTIVE GROUP FINANCIAL METRICS – FULL YEAR*(amounts in millions)*

	<u>2011</u>	<u>2012</u>	<u>% Change</u>
Revenue			
QVC			
US	\$5,412	\$ 5,585	3%
International	2,856	2,931	3%
Total QVC Revenue	\$8,268	\$ 8,516	3%
eCommerce businesses	1,348	1,502	11%
Total Liberty Interactive Group Revenue	\$9,616	\$10,018	4%

Adjusted OIBDA

QVC

US	\$1,225	\$ 1,292	5%
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International	508	536	6%
Total QVC Adjusted OIBDA	\$1,733	\$ 1,828	5%
eCommerce businesses	123	96	-22%
Corporate and other	(29)	(27)	7%
Total Liberty Interactive Group Adjusted OIBDA	\$1,827	\$ 1,897	4%

Operating Income

QVC			
US	\$ 776	\$ 870	12%
International	361	398	10%
Total QVC Operating Income	\$1,137	\$ 1,268	12%
eCommerce businesses	55	(81)	-247%
Corporate and other	(55)	(63)	-15%
Total Liberty Interactive Group Operating Income	\$1,137	\$ 1,124	-1%

QVC OPERATING METRICS - QUARTER

(amounts in millions except average sale price amounts)

	4Q11	4Q12	% Change
QVC - US⁽¹⁾			
Revenue	\$1,792	\$1,828	2%
Adjusted OIBDA	\$401	\$429	7%
Adjusted OIBDA margin	22.38%	23.47%	109 bps
Average sale price (ASP)	60.35	61.83	2%
Units sold	32.12	31.91	-1%
Return rate	17.12%	17.02%	10 bps

eCommerce and Mobile Metrics

eCommerce \$ of US revenue	\$712	\$781	10%
eCommerce % of US revenue	39.72%	42.71%	299 bps
Mobile % of US eCommerce revenue ⁽²⁾	11.84%	22.64%	NM

QVC - Japan⁽¹⁾

Revenue	\$344	\$347	1%
Adjusted OIBDA	\$78	\$79	1%
Adjusted OIBDA margin	22.67%	22.77%	10 bps
Average sale price (ASP)	¥7,301.71	¥7,087.07	-3%
Units sold	4.07	4.50	11%

QVC - Germany⁽¹⁾

Revenue	\$311	\$288	-7%
Adjusted OIBDA	\$69	\$58	-16%
Adjusted OIBDA margin	22.19%	20.14%	(205) bps
Average sale price (ASP)	€38.51	€ 36.73	-5%
Units sold	7.65	7.74	1%

QVC - UK⁽¹⁾

Revenue	\$187	\$196	5%
Adjusted OIBDA	\$40	\$42	5%
Adjusted OIBDA margin	21.39%	21.43%	4 bps
Average sale price (ASP)	£29.32	£31.36	7%
Units sold	4.33	4.19	-3%

QVC - Italy⁽¹⁾

Revenue	\$15	\$33	120%
Adjusted OIBDA	(\$9)	(\$5)	44%
Adjusted OIBDA margin	NM	NM	NM
Average sale price (ASP)	€33.00	€34.56	5%
Units sold	0.35	0.74	111%

Revenue and adjusted OIBDA change calculated in US dollars, not local

(1) currency

(2) Based on gross dollar orders less projected cancellations plus waitlist shipped.

QVC OPERATING METRICS – FULL YEAR

(amounts in millions except average sale price amounts)

QVC - US⁽¹⁾

	2011	2012	% Change
Revenue	\$5,412	\$5,585	3%
Adjusted OIBDA	\$1,225	\$1,292	5%
Adjusted OIBDA margin	22.63%	23.13%	50 bps
Average sale price (ASP)	55.74	57.52	3%
Units sold	105.94	106.02	0%
Return rate	18.29%	18.84%	(55) bps

eCommerce and Mobile Metrics

eCommerce \$ of US revenue	\$1,993	\$2,239	12%
eCommerce % of US revenue	36.83%	40.09%	326 bps
Mobile % of US eCommerce revenue ⁽²⁾	9.43%	19.95%	NM

QVC - Japan⁽¹⁾

Revenue	\$1,127	\$1,247	11%
Adjusted OIBDA	\$241	\$279	16%
Adjusted OIBDA margin	21.38%	22.37%	99 bps
Average sale price (ASP)	¥6,595.87	¥6,531.07	-1%
Units sold	14.92	16.97	14%

QVC - Germany⁽¹⁾

Revenue	\$1,068	\$956	-10%
Adjusted OIBDA	\$199	\$179	-10%
Adjusted OIBDA margin	18.63%	18.72%	9 bps
Average sale price (ASP)	€37.02	€36.08	-3%
Units sold	27.06	26.26	-3%

QVC - UK⁽¹⁾

Revenue	\$626	\$641	2%
Adjusted OIBDA	\$111	\$104	-6%
Adjusted OIBDA margin	17.73%	16.22%	(151) bps
Average sale price (ASP)	£28.06	£28.98	3%
Units sold	15.02	15.06	0%

QVC - Italy⁽¹⁾

Revenue	\$35	\$87	149%
Adjusted OIBDA	(\$43)	(\$26)	40%
Adjusted OIBDA margin	NM	NM	NM
Average sale price (ASP)	€32.68	€33.34	2%
Units sold	0.79	2.14	171%

Revenue and adjusted OIBDA change calculated in US dollars, not local

(1) currency

(2) Based on gross dollar orders less projected cancellations plus waitlist shipped.

NOTES

Unless otherwise noted, the foregoing discussion compares financial information for the three months and 12 months ended December 31, 2012 to the same period in 2011.

On August 9, 2012 Liberty Interactive completed the approved recapitalization of its common stock through the creation of the Liberty Interactive common stock and Liberty Ventures common stock as tracking stocks. In the recapitalization, each holder of Liberty Interactive common stock remained a holder of the same amount and series of Liberty Interactive common stock and received 0.05 of a share of the corresponding series of Liberty Ventures common stock, by means of a dividend, with cash issued in lieu of fractional shares of Liberty Ventures common stock.

In connection with the creation of the Liberty Ventures tracking stock, Liberty distributed subscription rights to purchase shares of Series A Liberty Ventures common stock at a per share subscription price of \$35.99 for one share of Series A Liberty Ventures common stock pursuant to a basic subscription privilege and also entitled the holder to subscribe for additional shares pursuant to an oversubscription privilege. The rights offering commenced on September 12, 2012 and expired on October 9, 2012. In the fourth quarter, approximately 9 million Series A Liberty Ventures shares were issued in connection with the rights offering resulting in approximately \$328 million of cash proceeds.

The following financial information with respect to Liberty's equity affiliates and available for sale securities is intended to supplement Liberty's consolidated statements of operations which are included in its Form 10-K.

Fair Value of Public Holdings

<i>(amounts in millions)</i>	9/30/2012	12/31/2012
HSN ⁽¹⁾	\$ 982	\$ 1,102
Total Attributed Liberty Interactive Group	\$ 982	\$ 1,102
Expedia ⁽²⁾⁽³⁾	\$ 2,002	\$ 1,389
TripAdvisor ⁽⁴⁾	861	--
Interval Leisure Group and Tree.com ⁽⁵⁾	358	373
Other Public Holdings ⁽⁶⁾	1,639	1,815
Total Attributed Liberty Ventures Group	\$ 4,860	\$ 3,577

(1) 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 consolidated balance sheet at its historical carrying value which aggregated \$241 million and \$242 million at September 30, 2012 and December 31, 2012, respectively.

(2) 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.

(3) 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.

(4) TripAdvisor became a consolidated subsidiary attributed to Liberty Ventures Group in the fourth quarter of 2012.

- (5) 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.
- (6) Represents Liberty Ventures Group's other 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>	<u>9/30/2012</u>	<u>12/31/2012</u>
Cash and Liquid Investments Attributable to:		
Liberty Interactive Group	\$ 558	\$ 699
Liberty Ventures Group ⁽¹⁾	1,235	2,147
Total Liberty Consolidated Cash (GAAP)	\$ 1,793	\$ 2,846
Less:		
Short-term marketable securities – Liberty Ventures Group	\$ --	\$ 186
Total Liberty Consolidated Cash (GAAP)	\$ 1,793	\$ 2,660
Debt:		
Senior notes and debentures ⁽²⁾	\$ 1,070	\$ 1,032
QVC senior notes ⁽²⁾	2,500	2,500
QVC bank credit facility	851	903
Other	118	125
Total Attributed Liberty Interactive Group Debt	\$ 4,539	\$ 4,560
Unamortized discount	(19)	(18)
Total Attributed Liberty Interactive Group Debt (GAAP)	\$ 4,520	\$ 4,542
Senior exchangeable debentures ⁽³⁾	2,852	2,852
TripAdvisor debt facilities	--	412
Total Attributed Liberty Ventures Group Debt	\$ 2,852	\$ 3,264
Fair market value adjustment	(15)	78
Total Attributed Liberty Ventures Group Debt (GAAP)	\$ 2,837	\$ 3,342
Total Liberty Interactive Corporation Debt (GAAP)	\$ 7,357	\$ 7,884

- (1) Includes \$186 million of short-term marketable securities with an original maturity greater than 90 days as of December 31, 2012.

- (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 attributed to the Liberty Interactive Group increased \$141 million, primarily due to cash flow from operations at QVC and borrowings of debt at QVC, partially offset by repayments of debt, stock repurchases and capital expended for property and equipment. Total debt attributed to the Liberty Interactive Group increased by \$21 million, primarily due to net borrowings on the QVC bank credit facility offset by repayments on senior notes and debentures.

Total cash and liquid investments attributed to the Liberty Ventures Group increased \$912 million, primarily due to cash proceeds from dispositions, cash acquired for financial reporting purposes as a result of consolidating TripAdvisor and proceeds received on the rights offering. These inflows were partially offset by payments on settlements of financial instruments and investments in and loans to cost and equity investees. Total debt attributed to the Liberty Ventures Group increased by \$412 million, due to the debt acquired for financial reporting purposes as a result of consolidating TripAdvisor effective December 11, 2012.

Important Notice: Liberty (Nasdaq: LINTA, LINTB, LVNTA, LVNTB) President and CEO, Gregory B. Maffei will discuss Liberty's earnings release in a conference call which will begin at 5:30 p.m. (ET) on February 27, 2013. The call can be accessed by dialing (888) 487-0361 or (719) 325-2138 at least 10 minutes prior to the start time. Replays of the conference call can be accessed until 7:30 p.m. (ET) on March 6, 2013, by dialing (888) 203-1112 or (719) 457-0820 plus the pass code 8544178#. 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 Liberty'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, 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.

SUPPLEMENTAL INFORMATION

As a supplement to Liberty's consolidated statements of operations, which are included in its Form 10-K, the following is a presentation of quarterly information and operating metrics on a stand-alone basis for the largest business owned by Liberty (QVC) at December 31, 2012, which Liberty 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>	4Q11	1Q12	2Q12	3Q12	4Q12
Liberty Interactive Group					
QVC					
Revenue – US	\$1,792	\$1,240	\$1,280	\$1,237	\$1,828
Revenue – International	857	692	694	681	864
Revenue – Total	<u>\$2,649</u>	<u>\$1,932</u>	<u>\$1,974</u>	<u>\$1,918</u>	<u>\$2,692</u>
Adjusted OIBDA – US	401	270	315	278	429
Adjusted OIBDA – International	178	120	123	119	174
Adjusted OIBDA – Total	<u>\$ 579</u>	<u>\$ 390</u>	<u>\$ 438</u>	<u>\$ 397</u>	<u>\$ 603</u>
Operating income – US	254	171	214	173	312
Operating income – International	143	87	87	87	137
Operating income – Total	<u>\$ 397</u>	<u>\$ 258</u>	<u>\$ 301</u>	<u>\$ 260</u>	<u>\$ 449</u>
Gross margin – US	34.6%	35.6%	37.2%	36.1%	34.7%
Gross margin – International	37.4%	37.7%	38.1%	37.4%	37.1%

ANNUAL SUMMARY

<i>(amounts in millions)</i>	2011	2012
Liberty Interactive Group		
QVC		
Revenue – US	\$5,412	\$5,585
Revenue – International	2,856	2,931
Revenue – Total	<u>\$8,268</u>	<u>\$8,516</u>
Adjusted OIBDA – US	1,225	1,292
Adjusted OIBDA – International	508	536
Adjusted OIBDA – Total	<u>\$1,733</u>	<u>\$1,828</u>

Operating income – US	776	870
Operating income – International	361	398
Operating income – Total	<u>\$1,137</u>	<u>\$1,268</u>
Gross margin – US	35.6%	35.8%
Gross margin – International	37.3%	37.5%

NON-GAAP FINANCIAL MEASURES

This press release includes a presentation of adjusted OIBDA, which is a non-GAAP financial measure, for Liberty, 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 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 defines adjusted OIBDA margin as adjusted OIBDA divided by revenue.

Liberty 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 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'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 Group's adjusted OIBDA to its operating income calculated in accordance with GAAP for the three months ended December 31, 2011, March 31, 2012, June 30, 2012, September 30, 2012 and December 31, 2012, respectively, and the years ended December 31, 2011 and 2012.

QUARTERLY SUMMARY

<i>(amounts in millions)</i>	4Q11	1Q12	2Q12	3Q12	4Q12
Liberty Interactive Group					
Adjusted OIBDA	\$ 619	\$ 419	\$ 455	\$ 397	\$ 626
Depreciation and amortization	(193)	(143)	(147)	(147)	(159)
Stock compensation expense	(17)	(17)	(18)	(18)	(32)
Impairment of intangible assets	--	--	--	(39)	(53)

Operating Income \$ 409 \$ 259 \$ 290 \$ 193 \$ 382

ANNUAL SUMMARY

<i>(amounts in millions)</i>	<u>2011</u>	<u>2012</u>
Liberty Interactive Group		
Adjusted OIBDA	\$1,827	\$1,897
Depreciation and amortization	(641)	(596)
Stock compensation expense	(49)	(85)
Impairment of intangible assets	--	(92)
Operating Income	<u><u>\$1,137</u></u>	<u><u>\$1,124</u></u>

SCHEDULE 2

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

QUARTERLY SUMMARY

<i>(amounts in millions)</i>	<u>4Q11</u>	<u>1Q12</u>	<u>2Q12</u>	<u>3Q12</u>	<u>4Q12</u>
Liberty Interactive Group					
QVC Adjusted OIBDA					
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	<u>\$ 178</u>	<u>\$ 120</u>	<u>\$ 123</u>	<u>\$ 119</u>	<u>\$ 174</u>
Consolidated QVC adjusted OIBDA	579	390	438	397	603
Depreciation and amortization	(176)	(127)	(129)	(129)	(141)
Stock compensation	(6)	(5)	(8)	(8)	(13)
Operating Income	<u><u>\$ 397</u></u>	<u><u>\$ 258</u></u>	<u><u>\$ 301</u></u>	<u><u>\$ 260</u></u>	<u><u>\$ 449</u></u>
eCommerce Businesses					
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)
Operating Income (Loss)	\$ 30	\$ 15	\$ (1)	\$ (56)	\$ (39)

ANNUAL SUMMARY

(amounts in millions)	2011	2012
Liberty Interactive Group		
QVC Adjusted OIBDA		
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)
Operating Income	\$1,137	\$1,268
eCommerce Businesses		
Adjusted OIBDA	123	96
Depreciation and amortization	(66)	(70)
Stock compensation	(2)	(15)
Impairment of intangible assets	--	(92)
Operating Income (Loss)	\$ 55	\$ (81)

LIBERTY INTERACTIVE CORPORATION BALANCE SHEET INFORMATION December 31, 2012 – (unaudited)

ASSETS	<u>Attributed</u>	
	<u>Group</u>	<u>Group I</u> amount
Current assets:		
Cash and cash equivalents	\$ 699	1,961
Trade and other receivables, net	1,095	106
Inventory, net	1,106	--
Other current assets	241	206

Total current assets	3,141	2,273
Investments in available-for-sale securities and other cost investments	4	1,815
Investments in affiliates, accounted for using the equity method	304	547
Property and equipment, net	1,220	15
Intangible assets not subject to amortization	8,431	5,449
Intangible assets subject to amortization, net	1,934	1,183
Other assets, at cost, net of accumulated amortization	81	14
Total assets	\$ 15,115	11,296

LIABILITIES AND EQUITY

Current liabilities:

Intergroup Payable (Receivable)	\$ 70	(70)
Accounts payable	705	14
Accrued liabilities	819	99
Current portion of debt	265	1,373
Current deferred tax liabilities	--	1,068
Other current liabilities	267	35
Total current liabilities	2,126	2,519
Long-term debt	4,277	1,969
Deferred income tax liabilities	1,318	1,891
Other liabilities	234	26
Total liabilities	7,955	6,405
Equity/Attributed net assets (liabilities)	7,011	551
Noncontrolling interests in equity of subsidiaries	149	4,340
Total liabilities and equity	\$ 15,115	11,296

LIBERTY INTERACTIVE CORPORATION
STATEMENT OF OPERATIONS INFORMATION
Twelve months ended December 31, 2012 - (unaudited)

	<u>Attributed</u>	
	<u>Interactive</u>	<u>Ventur</u>
	<u>Group</u>	<u>Group</u>
	amounts in	
REVENUE:		
Net retail sales	\$ 10,018	31
Cost of sales	6,396	-
Gross profit	<u>3,622</u>	<u>31</u>
OPERATING COSTS AND EXPENSES:		
Operating	833	.
Selling, general and administrative, including stock-based compensation	977	31

Impairment of intangible assets	92	-
Depreciation and amortization	596	1:
	<u>2,498</u>	<u>5:</u>
Operating income	1,124	(1)
OTHER INCOME (EXPENSE):		
Interest expense	(322)	(11)
Share of earnings (losses) of affiliates, net	28	5:
Realized and unrealized gains (losses) on financial instruments, net	51	(40:
Gains (losses) on transactions, net	--	1,53
Other, net	--	4:
	<u>(243)</u>	<u>1,12</u>
Earnings (loss) before income taxes	881	1,10:
Income tax (expense) benefit	(352)	(4:
Net earnings (loss)	<u>529</u>	<u>1,06:</u>
Less net earnings (losses) attributable to noncontrolling interests	63	(:
Net earnings (loss) attributable to Liberty stockholders	<u>\$ 466</u>	<u>1,06:</u>

Liberty Interactive Group Shares Outstanding

Outstanding A and B shares as of January 31, 2013 (<i>in millions</i>)	542
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LIBERTY INTERACTIVE CORPORATION
STATEMENT OF OPERATIONS INFORMATION
Twelve months ended December 31, 2011 - (unaudited)

	<u>Attributed</u>	
	<u>Interactive</u>	<u>Ventur</u>
	<u>Group</u>	<u>Group</u>
	<u>amounts in</u>	
REVENUE:		
Net retail sales	\$ 9,616	-
Cost of sales	6,114	-
Gross profit	<u>3,502</u>	-
OPERATING COSTS AND EXPENSES:		
Operating	866	-
Selling, general and administrative, including stock-based compensation	858	:
Depreciation and amortization	641	-
	<u>2,365</u>	<u>:</u>
Operating income (loss)	1,137	(:

OTHER INCOME (EXPENSE):

Interest expense	(317)	(110)
Share of earnings (losses) of affiliates, net	23	117
Realized and unrealized gains (losses) on financial instruments, net	75	9
Other, net	15	(6)
	<u>(204)</u>	<u>10</u>
Earnings (loss) before income taxes	933	6
Income tax (expense) benefit	(353)	7
	<u>580</u>	<u>7</u>
Earnings (loss) from continuing operations	378	-
	<u>958</u>	<u>7</u>
Net earnings (loss)	53	-
Less net earnings (loss) attributable to the noncontrolling interests		
Net earnings (loss) attributable to Liberty stockholders	<u>\$ 905</u>	<u>7</u>

Liberty Interactive Group Shares Outstanding

Outstanding A and B shares as of January 31, 2012 (*in millions*) 575

LIBERTY INTERACTIVE CORPORATION
STATEMENT OF CASH FLOWS INFORMATION
Twelve months ended December 31, 2012 – (unaudited)

	<u>Attribu</u>
	<u>Interactive</u>
	<u>Group</u>
	<u>amc</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net earnings (loss)	\$ 529
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation and amortization	596
Stock-based compensation	85
Cash payments for stock based compensation	(12)
Excess tax benefit from stock-based compensation	(56)
Share of (earnings) losses of affiliates, net	(28)
Cash receipts from return on equity investments	11
Realized and unrealized (gains) losses on financial instruments, net	(51)
(Gains) losses on transactions, net	--
Impairment of intangible assets	92
Deferred income tax (benefit) expense	(179)
Other, net	9
Intergroup tax allocation	152
Intergroup tax payments	(33)
Changes in operating assets and liabilities	

Current and other assets	(78)
Payables and other current liabilities	433
Net cash provided (used) by operating activities	1,470
CASH FLOWS FROM INVESTING ACTIVITIES:	
Cash proceeds from dispositions	--
Proceeds from settlements of financial instruments, net	--
Investments in and loans to cost and equity investees	(59)
Capital expended for property and equipment	(338)
Net sales (purchases) of short term and other marketable securities	46
Other investing activities, net	(111)
Net cash provided (used) by investing activities	(462)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings of debt	2,316
Repayments of debt	(1,392)
Proceeds from rights offering	--
Reattribution of cash between groups	(1,346)
Intergroup receipts (payments), net	162
Repurchases of Liberty common stock	(815)
Taxes paid in lieu of shares issued for stock-based compensation	(112)
Excess tax benefit from stock-based compensation	56
Other financing activities, net	(5)
Net cash provided (used) by financing activities	(1,136)
Effect of foreign currency rates on cash	(20)
Net increase (decrease) in cash and cash equivalents	(148)
Cash and cash equivalents at beginning of period	847
Cash and cash equivalents at end period	\$ 699

LIBERTY INTERACTIVE CORPORATION
STATEMENT OF CASH FLOWS INFORMATION
Twelve months ended December 31, 2011 - (unaudited)

	<u>Attribu</u>
	<u>Interactive</u>
	<u>Group</u>
	amc
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net earnings (loss)	\$ 958
Adjustments to reconcile net earnings to net cash provided by operating activities:	
(Earnings) loss from discontinued operations	(378)
Depreciation and amortization	641
Stock-based compensation	49

Cash payments for stock based compensation	(3)
Excess tax benefit from stock-based compensation	(19)
Share of losses (earnings) of affiliates, net	(23)
Cash receipts from return on equity affiliates, net	3
Realized and unrealized gains (losses) on financial instruments, net	(75)
Deferred income tax (benefit) expense	(109)
Other, net	(16)
Intergroup tax allocation	154
Changes in operating assets and liabilities	
Current and other assets	(174)
Payables and other current liabilities	(20)
Net cash provided (used) by operating activities	988

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash proceeds from dispositions	--
Investments in and loans to cost and equity investees	(56)
Capital expended for property and equipment	(312)
Net sales (purchases) of short term and other marketable securities	(46)
Other investing activities, net	(14)
Net cash provided (used) by investing activities	(428)

CASH FLOWS FROM FINANCING ACTIVITIES:

Borrowings of debt	383
Repayments of debt	(788)
Intergroup receipts (payments), net	(208)
Repurchases of Liberty common stock	(366)
Taxes paid in lieu of shares issued for stock-based compensation	(5)
Excess tax benefit from stock-based compensation	19
Other financing activities, net	(48)
Net cash provided (used) by financing activities	(1,013)
Effect of foreign currency rates on cash	(4)

Net cash provided (used) by financing activities

Net cash provided by (to) discontinued operations	
Net cash provided (used) by operating activities	304
Net cash provided (used) by investing activities	(104)
Net cash provided (used) by financing activities	(264)
Change in available cash held by discontinued operations	15
Net cash provided by (to) discontinued operations	(49)
Net increase (decrease) in cash and cash equivalents	(506)
Cash and cash equivalents at beginning of period	1,353
Cash and cash equivalents at end period	\$ 847

Liberty Interactive Corporation
Courtnee Ulrich, 720-875-5420

Source: Liberty Interactive Corporation