



First Quarter 2015 Earnings Call

May 8, 2015

Forward Looking Statements

This presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about business strategies, market potential, future financial prospects, international expansion, including the launch of QVC France and the expected expenditures in connection therewith, new service and product offerings, the monetization of our non-core assets, the continuation of our stock repurchase program, the estimated liabilities under exchangeable 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, availability of investment opportunities and market conditions conducive to stock repurchases. These forward-looking statements speak only as of the date of this presentation, and Liberty Interactive expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in Liberty Interactive's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Please refer to the publicly filed documents of Liberty Interactive, including the most recent Forms 10-K and 10-Q, for additional information about Liberty Interactive and about the risks and uncertainties related to Liberty Interactive's business which may affect the statements made in this presentation.

On today's call we will discuss certain non-GAAP financial measures including adjusted OIBDA, adjusted OIBDA margin and adjusted net income. The required definitions and reconciliations (Preliminary Note and Schedules 1 - 5) can be found at the end of this presentation. Unless otherwise noted, this presentation compares financial information for the three months ended March 31, 2015 to the same periods in 2014. Certain prior period amounts have been reclassified for comparability with the current presentation.

Highlights

Attributed to QVC Group

- Grew QVC US revenue by 3% and adjusted OIBDA⁽¹⁾ by 2% in the first quarter
 - QVC US operating income decreased by 5%
 - QVC.com revenue as a percent of total US revenue increased to 47%, a 188 basis point increase
 - QVC US mobile penetration was 52% of QVC.com orders, a 1,566 basis point increase
- QVC consolidated mobile penetration was 52% of QVC.com orders, a 1,366 basis point increase
- Refinanced QVC bank credit facility, increased capacity to \$2.25 billion
 - Improved terms, including lower interest rate and extension of maturity to 2020
- QVC France on track for planned summer 2015 launch

Attributed to Liberty Ventures Group

- Continuing Digital Commerce companies grew revenue 10%, adjusted OIBDA 29% and operating income 25%
 - Driven by strong margin performance at Backcountry.com

1) See reconciling schedules (Preliminary Note and Schedules 1-3) at the end of this presentation.

QVC Group Balance Sheet

(\$ in millions)	Dec 31, 2014	Mar 31, 2015
<u>Attributed Cash and Public Holdings⁽¹⁾</u>		
HSN ⁽²⁾	\$ 1,521	\$ 1,366
Cash and Liquid Investments ⁽³⁾	443	539
Total Cash and Public Holdings	\$ 1,964	\$ 1,905
<u>Attributed Debt (at face)⁽¹⁾</u>		
Liberty senior notes and debentures ⁽⁴⁾	\$ 791	\$ 791
Senior exchangeable debentures ⁽⁵⁾	400	346
QVC senior notes ⁽⁴⁾	4,050	4,050
QVC bank credit facility	508	450
Other	75	65
Total Debt	\$ 5,824	\$ 5,702

1) See Reconciling Schedules (Schedule 5) at the end of this presentation.

2) Represents fair value of QVC Group's investment in HSN. In accordance with GAAP, QVC Group accounts for this investment using the equity method of accounting and includes this investment in its attributed balance sheet at its historical carrying value which aggregated \$328 million and \$146 million at December 31, 2014 and March 31, 2015, respectively.

3) Includes \$21 million and \$9 million of short-term marketable securities with an original maturity greater than 90 days as of December 31, 2014 and March 31, 2015, respectively.

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

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

QVC Q1 Results

- US: units sold increased 3% and ASP increased 1% compared to Q1-14
- US gross margin increased 9 bps and adjusted OIBDA margin⁽¹⁾ decreased 26 bps
- US return rate increased by 41 bps
- eCommerce penetration increased to 47% of US revenue from 45% in Q1-14
- Consolidated operating income decreased 5% compared to Q1-14

(Amounts in USD)	Revenue	Adj. OIBDA⁽¹⁾
US	3%	2%
Germany	(15)%	-%
Japan	(15)%	(17)%
UK	(5)%	4%
Italy	(9)%	-%
Consolidated	(2)%	(1)%

(In Local Currency)	Revenue	Adj. OIBDA⁽¹⁾
Germany	3%	20%
Japan	(2)%	(5)%
UK	4%	13%
Italy	9%	20%
China JV⁽²⁾	5%	(73)%

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

2) This joint venture is being accounted for as an equity method investment.

Liberty Ventures Group

(\$ in millions)	Dec 31, 2014	Mar 31, 2015
<u>Attributed Cash and Public Holdings</u>		
Expedia ⁽¹⁾	\$ 1,992	\$ 2,197
FTD ⁽²⁾	\$ 355	\$ 305
Interval Leisure Group and Lending Tree ⁽³⁾	482	592
Other public holdings ⁽⁴⁾	1,210	1,193
Total	\$ 4,039	\$ 4,287
Cash and liquid investments ⁽⁵⁾⁽⁶⁾	2,762	2,684
Total Cash and Public Holdings	\$ 6,801	\$ 6,971
<u>Attributed Debt (at face)</u>		
Senior exchangeable debentures ⁽⁷⁾	2,081	2,077
Other	61	70
Total Debt	\$ 2,142	\$ 2,147

- 1) Represents fair value of Liberty Ventures Group's investment in Expedia. In accordance with GAAP, Liberty Ventures Group accounts for this investment using the equity method of accounting and includes this investment in its attributed balance sheet at its historical carrying value which aggregated \$514 million and \$496 million at December 31, 2014 and March 31, 2015, respectively.
- 2) Represents fair value of Liberty Ventures Group's investment in FTD. In accordance with GAAP, Liberty Ventures Group accounts for this investment using the equity method of accounting and includes this investment in its attributed balance sheet at its historical carrying value which aggregated \$355 million and \$350 million at December 31, 2014 and March 31, 2015, respectively.
- 3) Represents fair value of Liberty Ventures Group's investments. In accordance with GAAP, Liberty Ventures Group accounts for these investments using the equity method of accounting and includes these investments in its attributed balance sheet at their historical carrying values which aggregated \$108 million and \$109 million at December 31, 2014 and March 31, 2015, respectively.
- 4) Represents Liberty Ventures Group's other public holdings which are accounted for at fair value. Excludes \$10 million and \$13 million of long-term marketable securities as of December 31, 2014 and March 31, 2015, respectively.
- 5) Includes \$868 million and \$851 million of short-term marketable securities with an original maturity greater than 90 days as of December 31, 2014 and March 31, 2015, respectively.
- 6) Includes \$10 million and \$13 million of marketable securities with an original maturity greater than one year as of December 31, 2014 and March 31, 2015, respectively, which is reflected in investments in available-for-sale securities in Liberty Ventures Group's condensed attributed balance sheet.
- 7) Face amount of Senior Exchangeable Debentures with no reduction for the fair market value adjustment.

Reconciling Schedules

Preliminary Note

This presentation includes references to adjusted OIBDA, which is a non-GAAP financial measure, for each of QVC Group, QVC (and certain of its subsidiaries), and the Digital Commerce businesses. Liberty Interactive defines adjusted OIBDA as revenue less cost of sales, operating expenses and selling, general and administrative expenses (excluding stock and other equity-based compensation) and excludes from that definition depreciation and amortization, restructuring and impairment charges and legal settlements that are included in the measurement of operating income pursuant to GAAP. Further, this presentation includes adjusted OIBDA margin, which is also a non-GAAP financial measure. Liberty Interactive defines adjusted OIBDA margin as adjusted OIBDA divided by revenue.

Liberty Interactive believes adjusted OIBDA is an important indicator of the operational strength and performance of its businesses, including the ability to service debt and fund capital expenditures. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. Because adjusted OIBDA is used as a measure of operating performance, Liberty Interactive views operating income as the most directly comparable GAAP measure. Adjusted OIBDA is not meant to replace or supersede operating income or any other GAAP measure, but rather to supplement such GAAP measures in order to present investors with the same information that Liberty Interactive's management considers in assessing the results of operations and performance of its assets. Please see the attached schedules for a reconciliation of adjusted OIBDA to operating income (loss) calculated in accordance with GAAP for QVC Group (Schedules 1 and 3) and for QVC (and certain of its subsidiaries) and the Digital Commerce companies (Schedules 2-3).

In addition, this presentation 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) and net income (loss) generated by the Digital Commerce companies.

Liberty Interactive believes adjusted net income is an important indicator of financial performance, in particular for QVC Group, due to the non-economic impact of purchase accounting amortization and the reattribution of the Digital Commerce companies. 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 valuable supplemental metric of financial performance. Please see the attached schedules for a reconciliation of adjusted net income to net income (loss) calculated in accordance with GAAP for QVC Group (Schedule 4).

Reconciling Schedules (Schedule 1)

(\$ in millions)	1Q-14	2Q-14	3Q-14	4Q-14	1Q-15
QVC Group⁽¹⁾					
QVC Group Adj. OIBDA (ex Dig. Comm.) ⁽²⁾	\$ 408	\$ 433	\$ 433	\$ 612	\$ 401
Digital Commerce Adjusted OIBDA ⁽²⁾	<u>29</u>	<u>26</u>	<u>(2)</u>	<u>NA</u>	<u>NA</u>
Adjusted OIBDA	\$ 437	\$ 459	\$ 431	\$ 612	\$ 401
Depreciation and amortization	(162)	(165)	(166)	(150)	(152)
Stock compensation	(25)	(23)	(18)	(17)	(12)
Impairment of intangible assets	-	(7)	-	-	-
Operating Income	\$ 250	\$ 264	\$ 247	\$ 445	\$ 237

1) A reconciliation for the QVC Group of adjusted OIBDA to operating income calculated in accordance with GAAP for the three months ended March 31, 2014, June 30, 2014, September 30, 2014, December 31, 2014 and March 31, 2015, respectively.

2) QVC Group adjusted OIBDA presented exclusive of the impact of the Digital Commerce companies and reconciled to both QVC Group adjusted OIBDA and GAAP operating income. Under GAAP, the Digital Commerce companies were only included as part of the QVC Group through September 30, 2014.

Reconciling Schedules (Schedule 2)⁽¹⁾

(\$ in millions)

QVC Group	1Q-14	2Q-14	3Q-14	4Q-14	1Q-15
QVC Adjusted OIBDA					
QVC US	\$ 301	\$ 325	\$ 329	\$ 474	\$ 306
QVC Germany	39	40	42	53	39
QVC Japan	47	43	41	45	39
QVC UK	27	33	31	50	28
QVC Italy	(2)	(2)	(1)	1	(2)
QVC France	-	-	(3)	(3)	(3)
QVC International adjusted OIBDA	\$ 111	\$ 114	\$ 110	\$ 146	\$ 101
Consolidated QVC adjusted OIBDA	\$ 412	\$ 439	\$ 439	\$ 620	\$ 407
Depreciation and amortization	(144)	(145)	(147)	(151)	(153)
Stock compensation	(8)	(10)	(16)	(10)	(8)
Operating Income	\$ 260	\$ 284	\$ 276	\$ 459	\$ 246
QVC Operating Income					
QVC US	\$ 186	\$ 203	\$ 203	\$ 349	\$ 177
QVC International	74	81	73	110	69
Total QVC Operating Income	\$ 260	\$ 284	\$ 276	\$ 459	\$ 246
Liberty Ventures Group⁽²⁾					
Digital Commerce Companies					
Adjusted OIBDA	\$ 29	\$ 26	\$ (2)	\$ 44	\$ 22
Depreciation and amortization	(19)	(19)	(19)	(20)	(15)
Stock compensation	(5)	(7)	7	(16)	(2)
Impairment of intangible assets	-	(7)	-	-	-
Operating Income (Loss)	\$ 5	\$ (7)	\$ (14)	\$ 8	\$ 5

1) The information shown above provides a reconciliation of adjusted OIBDA for QVC (and certain of its subsidiaries) and Liberty Ventures' Digital Commerce companies to that entity or such businesses' operating income (loss) calculated in accordance with GAAP for the three months ended March 31, 2014, June 30, 2014, September 30, 2014, December 31, 2014 and March 31, 2015, respectively. As there are no material reconciling items between adjusted OIBDA and operating income for the QVC China joint venture for the referenced periods, no reconciliation has been provided.

2) For GAAP purposes, the Digital Commerce companies have been recorded as part of Liberty Ventures Group beginning with the fourth quarter of 2014 (due to the reattribution). For presentation purposes in this table, the results of the Digital Commerce companies are included in Liberty Ventures Group for all periods shown.

Reconciling Schedules (Schedule 3)⁽¹⁾

(\$ in millions)	1Q-14	2Q-14	3Q-14	4Q-14	1Q-15
QVC Group Adjusted OIBDA					
Consolidated QVC	\$ 412	\$ 439	\$ 439	\$ 620	\$ 407
Corporate and other	(4)	(6)	(6)	(8)	(6)
QVC Group Adjusted OIBDA ⁽²⁾	\$ 408	\$ 433	\$ 433	\$ 612	\$ 401
Liberty Ventures Group Adjusted OIBDA					
Digital Commerce ⁽²⁾	\$ 29	\$ 26	\$ (2)	\$ 44	\$ 22
Corporate and other	(3)	(3)	(6)	(6)	(4)
Liberty Ventures Group Adjusted OIBDA	\$ 26	\$ 23	\$ (8)	\$ 38	\$ 18
Consolidated Liberty Interactive Corp Adjusted OIBDA	\$ 434	\$ 456	\$ 425	\$ 650	\$ 419
Depreciation and Amortization	(163)	(164)	(166)	(169)	(168)
Stock Compensation	(25)	(26)	(20)	(37)	(15)
Impairment of intangible assets	-	(7)	-	-	-
Consolidated Liberty Interactive Corp Operating Income	\$ 246	\$ 259	\$ 239	\$ 444	\$ 236

1) Reconciliation of adjusted OIBDA for QVC Group and Digital Commerce companies to Liberty Interactive Corp. operating income calculated in accordance with GAAP for the three months ended March 31, 2014, June 30, 2014, September 30, 2014, December 31, 2014 and March 31, 2015, respectively.

2) For GAAP purposes, the Digital Commerce companies have been recorded as part of Liberty Ventures Group beginning with the fourth quarter of 2014 (due to the reattribution). For presentation purposes in this table, the results of the Digital Commerce companies are included in Liberty Ventures Group for all periods shown.

Reconciling Schedules (Schedule 4)

(\$ in millions)	1Q-14	2Q-14	3Q-14	4Q-14	1Q-15
QVC Group⁽¹⁾					
Net income	\$ 110	\$ 105	\$ 83	\$ 222	\$ 151
Amortization, net of deferred tax benefit ⁽²⁾	51	51	51	51	51
Digital Commerce net income (loss)	2	(1)	(16)	-	-
QVC Group adjusted net income	\$ 159	\$ 157	\$ 150	\$ 273	\$ 202
QVCA/B shares outstanding as of April 30, 2015					473
Adjusted LTM earnings per share					\$1.65

- 1) A reconciliation for the QVC Group of adjusted net income to net income calculated in accordance with GAAP for the three months ended March 31, 2014, June 30, 2014, September 30, 2014, December 31, 2014 and March 31, 2015, respectively.
- 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.

Reconciling Schedules (Schedule 5)

(\$ in millions)	12/31/14	3/31/15
Cash and Liquid Investments Attributable to:		
QVC Group ⁽¹⁾	\$ 443	\$ 539
Liberty Ventures Group ⁽²⁾⁽³⁾	2,762	2,684
Total Liberty Consolidated Cash and Liquid Investments	\$ 3,205	\$ 3,223
Less:		
Short-term marketable securities - QVC Group	\$ 21	\$ 9
Short-term marketable securities - Liberty Ventures Group	868	851
Long-term marketable securities - Liberty Ventures Group	10	13
Total Liberty Consolidated Cash (GAAP)	\$ 2,306	\$ 2,350
Debt:		
Senior Notes & Debentures ⁽⁴⁾	\$ 791	\$ 791
Senior exchangeable debentures ⁽⁵⁾	400	346
QVC Senior Notes ⁽⁴⁾	4,050	4,050
QVC Bank Credit Facility	508	450
Other	75	65
Total Attributed QVC Group Debt	\$ 5,824	\$ 5,702
Unamortized Discount and Fair Market Value Adjustment	36	46
Total Attributed QVC Group Debt (GAAP)	\$ 5,860	\$ 5,748
Senior Exchangeable Debentures ⁽⁵⁾	\$ 2,081	\$ 2,077
Other	61	70
Total Attributed Liberty Ventures Group Debt	\$ 2,142	\$ 2,147
Fair Market Value Adjustment	49	25
Total Attributed Liberty Ventures Group Debt (GAAP)	\$ 2,191	\$ 2,172
Total Liberty Interactive Corporation Debt (GAAP)	\$ 8,051	\$ 7,920

- 1) Includes \$21 million and \$9 million of short-term marketable securities with an original maturity greater than 90 days as of December 31, 2014 and March 31, 2015, respectively.
- 2) Includes \$868 million and \$851 million of short-term marketable securities with an original maturity greater than 90 days as of December 31, 2014 and March 31, 2015, respectively.
- 3) Includes \$10 million and \$13 million of marketable securities with an original maturity greater than one year as of December 31, 2014 and March 31, 2015, respectively, which is reflected in investments in available-for-sale securities in Liberty Ventures Group's condensed attributed balance sheet.
- 4) Face amount of Senior Notes and Debentures with no reduction for the unamortized discount.
- 5) Face amount of Senior Exchangeable Debentures with no reduction for the fair market value adjustment.