

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

Date of Report (date of earliest event reported): **February 21, 2012**

**LIBERTY INTERACTIVE CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**001-33982**  
(Commission  
File Number)

**84-1288730**  
(I.R.S. Employer  
Identification No.)

**12300 Liberty Blvd.**  
**Englewood, Colorado 80112**  
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(720) 875-5300**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02. Results of Operations and Financial Condition**

On February 23, 2012, Liberty Interactive Corporation (the "Company") issued a press release (the "Earnings Release") setting forth information, including financial information regarding certain of its privately held assets, which is intended to supplement the financial statements and related Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission (the "SEC") on February 23, 2012.

This Item 2.02 and the Earnings Release attached hereto as Exhibit 99.1, insofar as they disclose historical information regarding the Company's results of operations or financial condition for the year ended December 31, 2011, and other than the portions thereof filed as part of Exhibit 99.5, are being furnished to the SEC.

**Item 7.01. Regulation FD Disclosure**

On February 21, 2012, the Company announced that Chris Shean, Senior Vice President and CFO of the Company, will be presenting at the Morgan Stanley Technology, Media, and Telecom Conference on Tuesday, February 28th at 2:10 p.m., Pacific Time at the Palace Hotel in San Francisco, CA. During his presentation, Mr. Shean may make observations regarding the Company's financial performance and outlook and other matters.

Also on February 21, 2012, the Company announced that Greg Maffei, President and CEO of the Company, will be presenting at the Deutsche Bank 2012 Media and Telecom Conference on Monday, February 27th at 6:15 p.m., Eastern Time at The Breakers Hotel in Palm Beach, FL. During his presentation, Mr. Maffei may make observations regarding the Company's financial performance and outlook and other matters.

This Item 7.01 of this Current Report on Form 8-K and the press releases attached hereto as Exhibits 99.2 and 99.3 regarding these speaking engagements are being furnished to the SEC under Item 7.01 of Form 8-K in satisfaction of the public disclosure requirements of Regulation FD.

**Item 8.01. Other Events**

*Press Release Regarding the Proposed Recapitalization*

On February 23, 2012, the Company announced that its board of directors had approved the recapitalization of the Company's common stock into shares of the corresponding series of two new tracking stocks, Liberty Interactive and Liberty Ventures. Information related to the proposed recapitalization is set forth in the press release filed herewith as Exhibit 99.4 in compliance with Rule 425 of the Securities Act of 1933, as amended (the "Securities Act"), and which is hereby incorporated by reference into this Item 8.01.

*Earnings Call and Slide Show Presentation*

Also on February 23, 2012, the Company held an earnings call (the "Earnings Call") and made available on its website a slide show presentation (the "Slide Show") for reference during the Earnings Call. In each of the Earnings Release, the Earnings Call and the Slide Show, the Company discussed the proposed recapitalization of the Company. The Earnings Release, the transcript from the Earnings Call and the Slide Show are all archived on or accessible from the Company's website.

The portions of the Earnings Release, the portions of the transcript from the Earnings Call and the portions of the Slide Show that relate to the discussion of the proposed recapitalization are being filed herewith as Exhibit 99.5 to this Current Report on Form 8-K in compliance with Rule 425 of the Securities Act and are hereby incorporated by reference into this Item 8.01.

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**Item 9.01. Financial Statements and Exhibits**

**(d) Exhibits**

<u>Exhibit No.</u>	<u>Name</u>
99.1	Press Release dated February 23, 2012
99.2	Press Release dated February 21, 2012
99.3	Press Release dated February 21, 2012
99.4	Press Release dated February 23, 2012
99.5	Excerpts of communications relating to the proposed recapitalization

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 27, 2012

LIBERTY INTERACTIVE CORPORATION

By: /s/ Wade Haufschild  
Name: Wade Haufschild  
Title: Vice President

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**EXHIBIT INDEX**

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**LIBERTY INTERACTIVE REPORTS FOURTH QUARTER AND  
YEAR END 2011 FINANCIAL RESULTS**

Englewood, Colorado, February 23, 2012 — Liberty Interactive Corporation (Nasdaq: LINTA, LINTB) today reported fourth quarter and year end results. Highlights include(1):

- Grew consolidated QVC revenue by 5% in Q4 and 6% in 2011
  - Adjusted OIBDA(2) increased 9% in Q4 and 4% in 2011, excluding the effects of the new agreement with GE Capital Retail Bank and QVC Italy launch, adjusted OIBDA grew 6% in 2011
- Operating income increased 1% in Q4 and 2011, excluding the effects of the new agreement with GE Capital Retail Bank and QVC Italy launch, operating income grew 4% in 2011
  - QVC.com sales as a percent of total sales in the US reached 40% in Q4
- eCommerce group grew revenue and adjusted OIBDA 20% and 19% in 2011, respectively
  - Operating income increased 38% in 2011
- Announcing plan to recapitalize Liberty Interactive into two tracking stocks — Liberty Interactive and Liberty Ventures
- Repurchased \$257 million of Liberty Interactive stock from November 1<sup>st</sup> through January 31<sup>st</sup>, 2012

“QVC finished the year strong with impressive Q4 results, particularly in the US and Japan, despite a challenging macroeconomic environment,” stated Greg Maffei, Liberty Interactive President and CEO. “We made substantial repurchases of our shares, spending \$257 million. Separately, today we announced our board’s approval of the recapitalization of our common stock into two tracking stocks, Liberty Interactive and Liberty Ventures. We expect this recapitalization to highlight each tracking stock’s operations and financial aspects of the attributed assets and provide investor choice while maintaining an optimal capital and tax-efficient structure.”

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Liberty Interactive’s revenue increased 7% to \$3.1 billion in the fourth quarter and 8% to \$9.6 billion for the year. Adjusted OIBDA increased 10% to \$618 million for the fourth quarter and 4% to \$1.8 billion for the year, while operating income increased 3% to \$408 million for the fourth quarter and 2% to \$1.1 billion for the year. The increase in revenue, adjusted OIBDA, and operating income for the quarter were primarily due to favorable results at QVC and the eCommerce companies. Operating income includes \$325 million of non tax-deductible amortization related to Liberty’s acquisition of QVC for both the years ended December 31, 2011 and 2010.

**QVC**

QVC’s consolidated revenue increased 5% in the fourth quarter to \$2.6 billion and 6% to \$8.3 billion for the year. Adjusted OIBDA increased 9% to \$579 million in the fourth quarter and 4% to \$1.7 billion for the year, while operating income increased slightly to \$397 million in the fourth quarter and \$1.1 billion for the year. QVC’s 2011 results were negatively impacted by the amended agreement with GE Capital Retail Bank, expenses related to the Italy start-up and the natural disaster in Japan. Excluding the effect of the Italy start-up and the amended agreement with GE Capital Retail Bank, adjusted OIBDA would have increased 6% for the year.

“QVC’s success in 2011 is a result of our strategy to engage customers with compelling content and unique products at a great value. This focus has allowed us to expand our global market leadership in video and eCommerce retail, despite a tough economy,” said Mike George, QVC President and CEO. “We gained new customers at a record pace by engaging people who love to shop across all our platforms. We sustained our 10 quarter track record of double digit eCommerce growth, and established ourselves as a global leader in mobile retail.”

QVC’s US revenue increased 4% to \$1.8 billion in the fourth quarter and 3% to \$5.4 billion for the year. Gross product revenue increased 4% compared to the prior year fourth quarter, average selling price (“ASP”) increased 8% from \$56.00 to \$60.35 and units sold declined 3%. US revenue, however, maintained a 4% increase overall due to an 8% increase in shipping and handling revenue as a result of a price increase implemented in the fourth quarter. For the full year, gross product revenue increased 4% compared to the prior year due to a 9% increase in ASP from \$51.19 to \$55.74 and a 4% decline in units sold. The decline in units sold resulted in a decline in shipping and handling revenue bringing the overall revenue growth down to 3%. Fourth quarter and full year sales showed strength in electronics, home and accessories products. For the full year, these increases were partially offset by a decline in jewelry product sales. In the fourth quarter, eCommerce revenue increased 16% to \$712 million and grew to 40% from 36% as a percentage of total US revenue. For the year, eCommerce revenue increased 15% to \$2.0 billion and grew to 37% from 33% as a percentage of total US revenue. Adjusted OIBDA increased 10%

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to \$401 million in the fourth quarter and 3.0% to \$1.2 billion for the year. The adjusted OIBDA margin(2) increased 120 basis points and decreased 8 basis points for the fourth quarter and the full year, respectively. Adjusted OIBDA and adjusted OIBDA margin increased in the fourth quarter due primarily to favorable product margins, warehouse costs and customer service expenses. Excluding the previously disclosed August 2010 change in the QCard program with GE Capital Retail Bank, US adjusted OIBDA for the full year would have increased by 5% compared to prior year and the adjusted OIBDA margin for the full year would have been higher by 41 basis points. For the full year, adjusted OIBDA and the adjusted OIBDA margin increased primarily due to savings in freight, warehouse and customer service costs.

QVC’s international revenue increased 7% in the fourth quarter to \$857 million and increased 11% to \$2.9 billion for the year. The fourth quarter results included the negative impact of the strengthening of the US dollar against the euro and pound sterling that was offset by the weakening of the US dollar against the Japanese yen, whereas the full year results included the positive impact of favorable exchange rates in each of QVC’s markets. International adjusted OIBDA increased 5% to \$178 million for the fourth quarter, and increased 5% to \$508 million for the year. International adjusted OIBDA margin decreased 30 basis points and 95 basis points for the fourth quarter and full year, respectively. QVC’s international results include \$9 million of adjusted OIBDA loss in the fourth quarter and \$43 million of adjusted OIBDA loss for the year related to QVC Italy operations that launched in October 2010. These amounts compare to \$14 million of adjusted OIBDA loss in the fourth quarter of 2010 and \$32 million of adjusted OIBDA loss for the year ended December 31, 2010. QVC Italy has anniversaried the period of heaviest operating losses. The negative impact of the natural disaster in Japan in the first quarter also impacted year-to-date results. Excluding the effect of QVC Italy, international adjusted OIBDA would have increased 7% and international adjusted OIBDA margins would have decreased 47 basis points for the full year in US dollars.

QVC UK’s revenue decreased 1% and increased 1% in local currency in the fourth quarter and the full year, respectively. The decrease in the fourth quarter was primarily due to sales declines in electronics and jewelry categories, partially offset by an increase in beauty products. The increase in revenue for the full year was primarily due to an increase in sales of home and apparel products that were partially offset by decreases in jewelry. QVC UK’s ASP in local currency decreased 3% and units sold increased 2% for the fourth quarter; and for the full year, ASP decreased 1% and units sold increased 3%. QVC UK’s fourth quarter return rate as a percent of gross product revenue in local currency remained consistent with the prior year, while full year returns as a percent of gross product revenue increased by 70 basis points due primarily to a product mix shift

to apparel, which has a higher return rate. QVC UK's adjusted OIBDA in local currency decreased 6% and 1% for the fourth quarter and full year, respectively. QVC UK's adjusted OIBDA margin decreased 136 basis points and 47 basis points for the fourth quarter and

full year, respectively. The decrease in adjusted OIBDA margin for both periods was primarily due to increased freight costs and higher programming distribution costs associated with their second channel, QVC Beauty Channel. These increases were partially offset by favorable product margins.

QVC Germany's revenue grew 2% and 7% in local currency in the fourth quarter and the full year, respectively. The increase in revenue in the fourth quarter was due primarily to increased sales of electronics, offset somewhat by declines in apparel. Full year revenue growth was primarily due to increases in the home, jewelry and apparel product categories. QVC Germany's ASP in local currency increased 9% and 5% for the fourth quarter and the full year, respectively. Units shipped declined by 7% in the fourth quarter, but increased 4% for the full year. QVC Germany's fourth quarter return rate as a percent of gross product revenue in local currency declined by 66 basis points due to higher sales of electronics products that have lower return rates, while full year returns as a percent of gross product revenue increased 121 basis points from the prior year due primarily to a product mix shift to higher return categories including jewelry and apparel. QVC Germany's adjusted OIBDA in local currency decreased 2% and the adjusted OIBDA margin decreased 94 basis points in the fourth quarter. For the year, adjusted OIBDA in local currency increased 6% while the adjusted OIBDA margin declined 30 basis points. The decline in the adjusted OIBDA margin in both periods was primarily due to lower product margins associated with a higher mix of electronic product sales.

QVC Japan's market has rebounded after the tragic events experienced in March with positive sequential full year and fourth quarter growth compared to the same periods in 2010, with fourth quarter revenue being the highest in QVC Japan's history. QVC Japan's revenue grew 6% and 1% in local currency in the fourth quarter and the full year, respectively. The increase in the fourth quarter was due to increased sales primarily in electronics, home and apparel. For the full year, increased sales in apparel were offset by declines in jewelry and beauty. QVC Japan's ASP in local currency decreased 3% and 7% for the fourth quarter and the full year, respectively. However, units shipped increased 11% and 10% for the fourth quarter and the full year, respectively. QVC Japan's fourth quarter and 2011 returns as a percent of gross product revenue in local currency increased by 97 basis points and 28 basis points, respectively, due to the shift in mix to apparel. QVC Japan's adjusted OIBDA in local currency increased 5% for the fourth quarter and decreased 2% for the full year. QVC Japan adjusted OIBDA margin for the fourth quarter remained consistent with the same period in the prior year and decreased 69 basis points for the full year. The adjusted OIBDA margin decline of 69 basis points for the year was primarily due to the negative leverage impact associated with lower sales as a result of the events experienced in March 2011.

QVC Italy continues the trend upward with a 56% sequential sales growth in local currency over the third quarter of 2011 driven primarily by sales in the home, beauty, jewelry and apparel product categories during the year. QVC Italy successfully launched an eCommerce and mobile optimized website in the

quarter to strong consumer response and will seek to continue to build a leading multiplatform business in Italy.

QVC's outstanding bank and bond debt was \$2.4 billion at December 31<sup>st</sup>, 2011, a decline of \$360 million since December 31<sup>st</sup>, 2010.

#### eCommerce Businesses

In the aggregate, Liberty Interactive's eCommerce businesses increased revenue 18% to \$430 million for the fourth quarter and 20% to \$1.3 billion for the year. Adjusted OIBDA increased 4% to \$49 million for the fourth quarter and 19% to \$123 million for the year, while operating income increased 7% to \$30 million in the fourth quarter and 38% to \$55 million for the year. Each of the eCommerce businesses reported an increase in revenue for the quarter and the year as a result of acquisitions, increased marketing efforts and increased conversion resulting from site optimization and broader inventory offerings.

#### Share Repurchases

From November 1<sup>st</sup>, 2011 through January 31<sup>st</sup>, 2012, Liberty Interactive repurchased approximately 16 million Series A shares at an average cost per share of \$16.00 for total cash consideration of \$256.7 million. Since the creation of the Liberty Interactive stock in May 2006, Liberty Interactive has repurchased approximately 140.3 million shares at an average cost per share of \$19.17 for aggregate cash consideration of \$2.7 billion. These repurchases represent approximately 20% of the shares outstanding at the time of creation of the Liberty Interactive stock. As of January 31<sup>st</sup>, 2012, Liberty Interactive had approximately \$310.5 million remaining under its stock repurchase authorization. On February 22<sup>nd</sup>, 2012, the board of directors voted to increase the authorization by an additional \$700 million. Including the newly authorized amount, the total remaining repurchase authorization for Liberty Interactive is approximately \$1 billion.

Liberty Interactive holds controlling interests in companies that are engaged in video and on-line 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, Expedia, TripAdvisor 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 11:00 a.m. (ET) on February 23<sup>rd</sup>, 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

#### Quarterly Results

(amounts in millions)	4Q10	4Q11	% Change
<b>Revenue</b>			
QVC			
US	\$ 1,719	1,792	4%
International	802	857	7%

<b>Total QVC Revenue</b>	<b>2,521</b>	<b>2,649</b>	<b>5 %</b>
eCommerce businesses	365	430	18 %
<b>Total Liberty Interactive Revenue</b>	<b>\$ 2,886</b>	<b>3,079</b>	<b>7 %</b>
<b>Adjusted OIBDA</b>			
QVC			
US	\$ 364	401	10 %
International	169	178	5 %
<b>Total QVC Adjusted OIBDA</b>	<b>533</b>	<b>579</b>	<b>9 %</b>
eCommerce businesses	47	49	4 %
Corporate and other	(16)	(10)	38 %
<b>Total Liberty Interactive Adjusted OIBDA</b>	<b>\$ 564</b>	<b>618</b>	<b>10 %</b>
<b>Operating Income</b>			
QVC			
US	\$ 261	254	-3 %
International	132	143	8 %
<b>Total QVC Operating Income</b>	<b>393</b>	<b>397</b>	<b>1 %</b>
eCommerce businesses	28	30	7 %
Corporate and other	(25)	(19)	24 %
<b>Total Liberty Interactive Operating Income</b>	<b>\$ 396</b>	<b>408</b>	<b>3 %</b>

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### LIBERTY INTERACTIVE CORPORATION FINANCIAL METRICS

#### Year End Results

(amounts in millions)	2010	2011	% Change
<b>Revenue</b>			
QVC			
US	\$ 5,235	5,412	3 %
International	2,572	2,856	11 %
<b>Total QVC Revenue</b>	<b>7,807</b>	<b>8,268</b>	<b>6 %</b>
eCommerce businesses	1,125	1,348	20 %
<b>Total Liberty Interactive Revenue</b>	<b>\$ 8,932</b>	<b>9,616</b>	<b>8 %</b>
<b>Adjusted OIBDA</b>			
QVC			
US	\$ 1,189	1,225	3 %
International	482	508	5 %
<b>Total QVC Adjusted OIBDA</b>	<b>1,671</b>	<b>1,733</b>	<b>4 %</b>
eCommerce businesses	103	123	19 %
Corporate and other	(28)	(33)	-18 %
<b>Total Liberty Interactive Adjusted OIBDA</b>	<b>\$ 1,746</b>	<b>1,823</b>	<b>4 %</b>
<b>Operating Income</b>			
QVC			
US	\$ 782	776	-1 %
International	348	361	4 %
<b>Total QVC Operating Income</b>	<b>1,130</b>	<b>1,137</b>	<b>1 %</b>
eCommerce businesses	40	55	38 %
Corporate and other	(62)	(59)	5 %
<b>Total Liberty Interactive Operating Income</b>	<b>\$ 1,108</b>	<b>1,133</b>	<b>2 %</b>

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### QVC OPERATING METRICS

#### Quarterly Results

(amounts in millions except average sale price amounts)	4Q10	4Q11	% Change
<b>QVC - US(1)</b>			
Revenue	\$ 1,719	1,792	4 %
Adjusted OIBDA	\$ 364	401	10 %
Adjusted OIBDA margin	21.18 %	22.38 %	120 bps
Average sale price (ASP)	\$ 56.00	60.35	8 %
Units sold	33.19	32.13	-3 %
eCommerce % of US revenue	35.6 %	39.7 %	410 bps
Return rate	16.81 %	17.12 %	-31 bps
<b>QVC - UK(1)</b>			
Revenue	\$ 189	187	-1 %
Adjusted OIBDA	\$ 43	40	-7 %
Adjusted OIBDA margin	22.75 %	21.39 %	-136 bps
Average sale price (ASP)	£ 30.26	29.32	-3 %
Units sold	4.24	4.33	2 %

<b>QVC - Germany(1)</b>				
Revenue	\$	307	311	1 %
Adjusted OIBDA	\$	71	69	-3 %
Adjusted OIBDA margin		23.13 %	22.19 %	-94 bps
Average sale price (ASP)	€	35.31	38.51	9 %
Units sold		8.22	7.65	-7 %
<b>QVC - Japan(1)</b>				
Revenue	\$	304	344	13 %
Adjusted OIBDA	\$	69	78	13 %
Adjusted OIBDA margin		22.70 %	22.67 %	3 bps
Average sale price (ASP)	¥	7,530	7,302	-3 %
Units sold		3.65	4.07	11 %
<b>QVC - Italy(1)</b>				
Revenue	\$	2	15	650 %
Adjusted OIBDA	\$	(14)	(9)	36 %
Adjusted OIBDA margin		NM	NM	NM
Average sale price (ASP)	€	35.58	33.00	-6 %
Units sold		0.03	0.35	NM

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

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### QVC OPERATING METRICS

#### Yearly Results

(amounts in millions except average sale price amounts)		2010	2011	% Change
<b>QVC - US(1)</b>				
Revenue	\$	5,235	5,412	3 %
Adjusted OIBDA	\$	1,189	1,225	3 %
Adjusted OIBDA margin		22.71 %	22.63 %	-8 bps
Average sale price (ASP)	\$	51.19	55.74	9 %
Units sold		110.55	105.9	-4 %
eCommerce % of US revenue		33.0 %	36.8 %	380 bps
Return rate		18.01 %	18.29 %	-28 bps
<b>QVC - UK(1)</b>				
Revenue	\$	599	626	5 %
Adjusted OIBDA	\$	109	111	2 %
Adjusted OIBDA margin		18.20 %	17.73 %	-47 bps
Average sale price (ASP)	£	28.30	28.06	-1 %
Units sold		14.65	15.02	3 %
<b>QVC - Germany(1)</b>				
Revenue	\$	956	1,068	12 %
Adjusted OIBDA	\$	181	199	10 %
Adjusted OIBDA margin		18.93 %	18.63 %	-30 bps
Average sale price (ASP)	€	35.31	37.02	5 %
Units sold		25.95	27.06	4 %
<b>QVC - Japan(1)</b>				
Revenue	\$	1,015	1,127	11 %
Adjusted OIBDA	\$	224	241	8 %
Adjusted OIBDA margin		22.07 %	21.38 %	-69 bps
Average sale price (ASP)	¥	7,117	6,596	-7 %
Units sold		13.62	14.92	10 %
<b>QVC - Italy(1)</b>				
Revenue	\$	2	35	1650 %
Adjusted OIBDA	\$	(32)	(43)	-34 %
Adjusted OIBDA margin		NM	NM	NM
Average sale price (ASP)	€	35.60	32.68	-9 %
Units sold		0.03	0.79	NM

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

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#### **NOTES**

Unless otherwise noted, the foregoing discussion compares financial information for the three and 12 months ended December 31, 2011 to the same periods in 2010. On September 23<sup>rd</sup>, 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 previously attributed to the Liberty Capital and Liberty Starz tracking stock groups. 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-K.

#### Fair Value of Public Holdings and Derivatives

(amounts in millions and include the value of derivatives)	9/30/2011	12/31/2011
Expedia(1)	\$ 1,782	1,004
TripAdvisor(1)(2)	—	873
HSN(1)	613	726
Interval Leisure Group and Tree.com(1)	236	242
Non Strategic Public Holdings(3)	1,019	1,165
<b>Total Liberty Interactive</b>	<b>\$ 3,650</b>	<b>4,010</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.
- (2) During the fourth quarter of 2011, Expedia completed the pro-rata split-off of TripAdvisor, Inc.
- (3) Represents Liberty Interactive's non-strategic public holdings which are accounted for at fair value.

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#### Cash and Debt

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

(amounts in millions)	9/30/2011	12/31/2011
Cash and liquid investments(1)	\$ 985	893
Less: Short-term marketable securities	89	46
<b>Total Liberty Interactive Cash (GAAP)</b>	<b>\$ 896</b>	<b>847</b>
<b>Debt:</b>		
Senior notes and debentures(2)	\$ 1,100	1,100
Senior exchangeable debentures(3)	2,967	2,967
QVC senior notes(2)	2,000	2,000
QVC bank credit facility	459	434
Other	85	82
<b>Total Liberty Interactive Debt</b>	<b>6,611</b>	<b>6,583</b>
Unamortized discount	(21)	(20)
Fair market value adjustment	(541)	(524)
<b>Total Liberty Interactive Debt (GAAP)</b>	<b>\$ 6,049</b>	<b>6,039</b>

- (1) Includes \$89 million and \$46 million of short-term marketable securities with an original maturity greater than 90 days as of September 30<sup>th</sup>, 2011 and December 31<sup>st</sup>, 2011, respectively, 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.

Liberty Interactive cash and liquid investments decreased \$92 million, primarily due to debt payments, stock repurchases and capital expenditures. These cash outflows were partially offset by cash flow from operations at QVC. Total debt decreased by \$28 million, primarily due to repayments on the QVC bank credit facility.

**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 which will begin at 11:00 a.m. (ET) on February 23<sup>rd</sup>, 2012. The call can be accessed by dialing (888) 452-4034 or (719) 325-2145 at least 10 minutes prior to the start time. Replays of the conference call can be accessed until 2:00 p.m. (ET) March 1<sup>st</sup>, 2012, by dialing (888) 203-1112 or (719) 457-0820 plus the pass code 1032754#. 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 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 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 Form 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 an effective registration statement. Liberty Interactive stockholders and other investors are urged to read the registration statement to be filed with the SEC, including the proxy statement/prospectus to be contained therein, because they will 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 will also be 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, will be available in the proxy materials to be filed with the SEC.

Contact: Courtnee Ulrich (720) 875-5420

**SUPPLEMENTAL INFORMATION**

As a supplement to Liberty Interactive's consolidated statements of operations, which are included in its Form 10-K, the following is a presentation of quarterly and annual financial information and operating metrics on a stand-alone basis for the largest privately held business (QVC) owned by Liberty Interactive at December 31<sup>st</sup>, 2011, 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 entity to that entity's operating income for the same period, as determined under GAAP.

QUARTERLY SUMMARY

(amounts in millions)	4Q10	1Q11	2Q11	3Q11	4Q11
<b>Liberty Interactive</b>					
<b>QVC</b>					
Revenue — US	\$ 1,719	1,192	1,232	1,196	1,792
Revenue — International	802	643	666	690	857
Revenue — Total	\$ 2,521	1,835	1,898	1,886	2,649
Adjusted OIBDA — US	364	260	305	259	401
Adjusted OIBDA — International	169	103	113	114	178
Adjusted OIBDA — Total	\$ 533	363	418	373	579
Operating income — US	261	159	204	159	254
Operating income — International	132	66	77	75	143
Operating income — Total	\$ 393	225	281	234	397
Gross margin — US	33.1%	35.1%	37.5%	35.7%	34.6%
Gross margin — International	37.7%	36.9%	38.0%	36.7%	37.4%

ANNUAL SUMMARY

(amounts in millions)	2010	2011
<b>Liberty Interactive</b>		
<b>QVC</b>		
Revenue — US	\$ 5,235	5,412
Revenue — International	2,572	2,856
Revenue — Total	\$ 7,807	8,268
Adjusted OIBDA — US	1,189	1,225
Adjusted OIBDA — International	482	508
Adjusted OIBDA — Total	\$ 1,671	1,733
Operating income — US	782	776
Operating income — International	348	361
Operating income — Total	\$ 1,130	1,137
Gross Margin — US	35.2%	35.6%
Gross Margin — International	37.2%	37.3%

**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 December 31<sup>st</sup>, 2010, March 31<sup>st</sup>, 2011, June 30<sup>th</sup>, 2011 September 30<sup>th</sup>, 2011 and December 31<sup>st</sup>, 2011, respectively and the years ended December 31, 2010 and 2011.

##### QUARTERLY SUMMARY

(amounts in millions)	4Q10	1Q11	2Q11	3Q11	4Q11
<b>Liberty Interactive</b>					
Adjusted OIBDA	\$ 564	378	450	377	618
Depreciation and amortization	(150)	(149)	(148)	(151)	(193)
Stock compensation expense	(18)	(16)	(14)	(2)	(17)
<b>Operating Income</b>	<b>\$ 396</b>	<b>213</b>	<b>288</b>	<b>224</b>	<b>408</b>

##### ANNUAL SUMMARY

(amounts in millions)	2010	2011
<b>Liberty Interactive</b>		
Adjusted OIBDA	\$ 1,746	1,823
Depreciation and amortization	(571)	(641)
Stock compensation expense	(67)	(49)
<b>Operating Income</b>	<b>\$ 1,108</b>	<b>1,133</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 entity's operating income (loss) calculated in accordance with GAAP for the three months ended December 31<sup>st</sup>, 2010, March 31<sup>st</sup>, 2011, June 30<sup>th</sup>, 2011 September 30<sup>th</sup>, 2011 and December 31<sup>st</sup>, 2011, respectively and the years ended December 31, 2010 and 2011.

##### QUARTERLY SUMMARY

(amounts in millions)	4Q10	1Q11	2Q11	3Q11	4Q11
<b>Liberty Interactive</b>					
<b>QVC Adjusted OIBDA</b>					
QVC US	\$ 364	260	305	259	401
QVC UK	43	21	26	24	40
QVC Germany	71	49	41	40	69
QVC Japan	69	43	59	61	78
QVC Italy	(14)	(10)	(13)	(11)	(9)
QVC International adjusted OIBDA	\$ 169	103	113	114	178
Consolidated QVC adjusted OIBDA	\$ 533	363	418	373	579
Depreciation and amortization	(136)	(134)	(131)	(133)	(176)
Stock compensation	(4)	(4)	(6)	(6)	(6)
<b>Operating Income</b>	<b>\$ 393</b>	<b>225</b>	<b>281</b>	<b>234</b>	<b>397</b>
<b>eCommerce Businesses</b>					
Adjusted OIBDA	\$ 47	29	36	9	49
Depreciation and amortization	(15)	(16)	(16)	(17)	(17)
Stock compensation	(4)	(5)	(1)	6	(2)
<b>Operating Income (Loss)</b>	<b>\$ 28</b>	<b>8</b>	<b>19</b>	<b>(2)</b>	<b>30</b>

##### ANNUAL SUMMARY

(amounts in millions)	2010	2011
<b>Liberty Interactive</b>		
<b>QVC Adjusted OIBDA</b>		
QVC US	\$ 1,189	1,225
QVC UK	109	111
QVC Germany	181	199
QVC Japan	224	241
QVC Italy	(32)	(43)
QVC International adjusted OIBDA	\$ 482	508
Total QVC adjusted OIBDA	\$ 1,671	1,733
Depreciation and amortization	(523)	(574)

Stock compensation		(18)	(22)
<b>Operating Income</b>	<b>\$</b>	<b>1,130</b>	<b>1,137</b>
<b>eCommerce Businesses</b>			
Adjusted OIBDA	\$	103	123
Depreciation and amortization		(48)	(66)
Stock compensation		(15)	(2)
<b>Operating Income</b>	<b>\$</b>	<b>40</b>	<b>55</b>

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**LIBERTY INTERACTIVE CORPORATION**  
**CONSOLIDATED BALANCE SHEET**

	12/31/2011	12/31/2010
amounts in millions		
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 847	1,353
Trade and other receivables, net	1,054	885
Inventory, net	1,071	1,069
Other current assets	148	85
Assets of discontinued operations - current	—	3,163
<b>Total current assets</b>	<b>3,120</b>	<b>6,555</b>
Investments in available-for-sale securities and other cost investments	1,168	1,110
Investments in affiliates, accounted for using the equity method	1,135	949
Property and equipment, at cost	2,002	1,777
Accumulated depreciation	(869)	(739)
	1,133	1,038
Intangible assets not subject to amortization:		
Goodwill	5,978	5,983
Trademarks	2,518	2,513
	8,496	8,496
Intangible assets subject to amortization, net		
Other assets, at cost, net of accumulated amortization	2,209	2,595
Assets of discontinued operations	78	87
	—	5,770
<b>Total assets</b>	<b>\$ 17,339</b>	<b>26,600</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 599	630
Accrued liabilities	801	768
Payable to Liberty Media	—	85
Current portion of debt	1,189	493
Deferred income tax liabilities	851	152
Other current liabilities	128	231
Liabilities of discontinued operations - current	—	2,380
<b>Total current liabilities</b>	<b>3,568</b>	<b>4,739</b>
Long-term debt, including \$2,443 million and \$2,506 million measured at fair value	4,850	5,970
Long-term financial instruments	59	86
Deferred income tax liabilities	2,046	2,709
Other liabilities	189	180
Liabilities of discontinued operations	—	1,474
<b>Total liabilities</b>	<b>10,712</b>	<b>15,158</b>
Equity:		
Total stockholders' equity	6,493	11,313
Noncontrolling interests in equity of subsidiaries	134	129
<b>Total equity</b>	<b>6,627</b>	<b>11,442</b>
Commitments and contingencies		
<b>Total liabilities and equity</b>	<b>\$ 17,339</b>	<b>26,600</b>

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**LIBERTY INTERACTIVE CORPORATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

	Year ended	
	12/31/2011	12/31/2010
amounts in millions		
<b>REVENUE AND GROSS PROFIT:</b>		
Net retail sales	\$ 9,616	8,932
Cost of sales (exclusive of depreciation shown separately below)	6,114	5,705
Gross Profit	3,502	3,227

<b>OPERATING COSTS AND EXPENSES:</b>		
Operating	866	799
Selling, general and administrative, including stock-based compensation	862	749
Depreciation and amortization	641	571
	<u>2,369</u>	<u>2,119</u>
Operating income	1,133	1,108
<b>OTHER INCOME (EXPENSE):</b>		
Interest expense	(427)	(626)
Share of earnings (losses) of affiliates, net	140	112
Realized and unrealized gains (losses) on financial instruments, net	84	62
Gains (losses) on dispositions, net	—	355
Other, net	9	(47)
	<u>(194)</u>	<u>(144)</u>
Earnings (loss) from continuing operations before income taxes	939	964
Income tax (expense) benefit	(352)	(128)
Earnings (loss) from continuing operations	587	836
Earnings (loss) from discontinued operations, net of taxes	378	1,101
Net earnings (loss)	965	1,937
Less net earnings (loss) attributable to the noncontrolling interests	53	45
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	<u>\$ 912</u>	<u>1,892</u>
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders:		
Liberty Capital common stock	211	815
Liberty Starz common stock	177	206
Liberty Interactive common stock	524	871
	<u>\$ 912</u>	<u>1,892</u>

**LIBERTY INTERACTIVE CORPORATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Year ended	
	12/31/2011	12/31/2010
amounts in millions		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net earnings	\$ 965	1,937
Adjustments to reconcile net earnings to net cash provided by operating activities:		
(Earnings) loss from discontinued operations	(378)	(1,101)
Depreciation and amortization	641	571
Stock-based compensation	49	67
Cash payments for stock-based compensation	(3)	(20)
Noncash interest expense	9	90
Share of (earnings) losses of affiliates, net	(140)	(112)
Cash receipts from returns on equity investments	22	21
Realized and unrealized (gains) losses on financial instruments, net	(84)	(62)
(Gains) losses on disposition of assets, net	—	(355)
Deferred income tax expense (benefit)	44	(62)
Other noncash charges (credits), net	(5)	22
Changes in operating assets and liabilities		
Current and other assets	(174)	247
Payables and other liabilities	(32)	46
<b>Net cash provided (used) by operating activities</b>	<u><b>914</b></u>	<u><b>1,289</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash proceeds from dispositions	—	459
Proceeds from settlement of financial instruments, net	—	(28)
Investment in and loans to cost and equity investees	(65)	—
Cash received in exchange transaction	—	218
Capital expended for property and equipment	(312)	(258)
Net sales (purchases) of short term investments	(46)	—
Other investing activities, net	(14)	(47)
<b>Net cash provided (used) by investing activities</b>	<u><b>(437)</b></u>	<u><b>344</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings of debt	383	2,974
Repayments of debt	(899)	(4,791)
Repurchases of Liberty Interactive common stock	(366)	—
Other financing activities, net	(48)	(83)
<b>Net cash provided (used) by financing activities</b>	<u><b>(930)</b></u>	<u><b>(1,900)</b></u>
Effect of foreign currency exchange rates on cash	(4)	14
Net cash provided (used) by discontinued operations:		
Cash provided (used) by operating activities	304	88
Cash provided (used) by investing activities	(104)	7
Cash provided (used) by financing activities	(264)	(1,498)
Change in available cash held by discontinued operations	15	1,054
Net cash provided (used) by discontinued operations	<u>(49)</u>	<u>(349)</u>
Net increase (decrease) in cash and cash equivalents	(506)	(602)
Cash and cash equivalents at beginning of period	1,353	1,955

Cash and cash equivalents at end of period

\$ 847 1,353

**LIBERTY INTERACTIVE CORPORATION TO PRESENT AT THE MORGAN STANLEY TECHNOLOGY, MEDIA, AND TELECOM CONFERENCE**

Englewood, Colo, Feb 21 - Liberty Interactive Corporation (Nasdaq: LINTA, LINTB) announced that Chris Shean, Senior Vice President and CFO of Liberty Interactive, will be presenting at the Morgan Stanley Technology, Media, and Telecom Conference on Tuesday, February 28th at 2:10 p.m., Pacific Time at the Palace Hotel in San Francisco, CA. During his presentation, Mr. Shean may make observations regarding the company's financial performance and outlook.

The presentation will be broadcast live via the Internet. All interested persons should visit the Liberty Interactive Corporation website at <http://www.libertyinteractive.com/events> to register for the webcast. An archive of the webcast will also be available on this website for 30 days.

About Liberty Interactive Corporation

Liberty Interactive (Nasdaq: LINTA, LINTB) owns interests in a broad range video and online commerce businesses including QVC, Provide Commerce, Backcountry.com, Celebrate Interactive, Bodybuilding.com, Evite, Expedia and TripAdvisor.

Contact:  
Courtnee Ulrich  
720-875-5420

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**LIBERTY INTERACTIVE CORPORATION TO PRESENT AT THE DEUTSCHE BANK 2012 MEDIA AND TELECOM CONFERENCE**

Englewood, Colo, Feb 21 - Liberty Interactive Corporation (Nasdaq: LINTA, LINTB) announced that Greg Maffei, President and CEO of Liberty Interactive, will be presenting at the Deutsche Bank 2012 Media and Telecom Conference on Monday, February 27th at 6:15 p.m., Eastern Time at The Breakers Hotel in Palm Beach, FL. During his presentation, Mr. Maffei may make observations regarding the company's financial performance and outlook.

The presentation will be broadcast live via the Internet. All interested persons should visit the Liberty Interactive Corporation website at <http://www.libertyinteractive.com/events> to register for the webcast. An archive of the webcast will also be available on this website for 30 days.

About Liberty Interactive Corporation

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Contact:  
Courtnee Ulrich  
720-875-5420

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FOR IMMEDIATE RELEASE

**LIBERTY INTERACTIVE CORPORATION ANNOUNCES PLAN TO  
RECAPITALIZE INTO TWO TRACKING STOCKS**

Englewood, Colorado, February 23, 2012 - Liberty Interactive Corporation (Nasdaq: LINTA, LINTB) ("Liberty") today announced that its board of directors has approved the recapitalization of its common stock into shares of the corresponding series of two new tracking stocks, Liberty Interactive and Liberty Ventures.

"We are pleased to announce the Board's approval to recapitalize Liberty into two tracking stocks," said Greg Maffei, President and CEO of Liberty. "We expect this recapitalization to highlight each tracking stock's operations and financial aspects of the attributed assets, provide greater investor choice, and raise capital while maintaining an optimal capital and tax efficient structure for Liberty."

The Liberty Interactive tracking stock group initially will have attributed to it QVC, the eCommerce companies, a 34% stake in HSN, approximately \$500 million of cash, \$2 billion principal amount of QVC's bonds, QVC's \$2 billion bank credit facility and approximately \$1.1 billion principal amount of Liberty's publicly traded senior notes and debentures. Cash to be attributed to Liberty Interactive and Liberty Ventures will come from various sources including cash on hand, cash from operations and proceeds from QVC's bank credit facility with an expected balance at closing of \$1.3-1.5 billion.

The Liberty Ventures tracking stock group initially will have attributed to it Liberty's interests in Expedia, TripAdvisor, Time Warner, Time Warner Cable, AOL, Interval Leisure Group, Tree.com and Liberty's green-energy investments, approximately \$1.25 billion of cash, additional cash raised from the exercise of Liberty Ventures subscription rights, and approximately \$3 billion principal amount of Liberty's publicly traded exchangeable debentures.

In the recapitalization, Liberty stockholders will receive one share of the corresponding series of Liberty Interactive group tracking stock for each share of series A or series B Liberty common stock they own and one share of the corresponding series of Liberty Ventures group tracking stock for every 20 shares of series A or series B Liberty common stock they own. In addition, stockholders will also receive a subscription right to acquire one additional series A or series B share for every three shares of series A or three shares of series B Liberty Ventures tracking stock they receive in the recapitalization.

The subscription rights are being issued to raise capital for general corporate purposes of the Liberty Ventures tracking stock group, including investment in new business opportunities to be attributed to that group. The subscription rights will:

- Enable the holders to acquire shares of the applicable series of Liberty Ventures common stock at a 20% discount to the 20 trading day volume weighted average trading price of the Liberty Ventures tracking stock following the closing of the recapitalization
- Become publicly traded, once the exercise price has been established
- Expire forty trading days following the closing of the recapitalization

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The proposed recapitalization is intended to be tax-free to stockholders and its completion will be subject to various conditions, including the affirmative vote of a majority of the voting power of Liberty's outstanding shares present in person or by proxy at the stockholder meeting, voting together as a single class, and the receipt of a tax opinion from counsel. Subject to the satisfaction of the conditions to closing, the recapitalization is currently expected to occur this summer.

This announcement and Liberty's fourth quarter and year end 2011 earnings will be discussed on a conference call today at 11:00 a.m. (ET).

Please call Premiere Conferencing at (888) 452-4034 or (719) 325-2145 at least 10 minutes prior to the call. Callers will need to be on a touch-tone telephone to ask questions. The conference administrator will provide instructions on how to use the polling feature.

Replays of the conference call can be accessed through 2:00 p.m. (ET) on March 1st, by dialing (888) 203-1112 or (719) 457-0820 plus the passcode 1032754#.

In addition, the conference call will be broadcast live via the Internet. All interested participants should visit the Liberty Interactive Corporation website at <http://www.libertyinteractive.com/events> to register for the web cast. Links to the press release and replays of the call will also be available on the Liberty Interactive website. The conference call and related materials will be archived on the website for one year.

**About Liberty Interactive Corporation**

Liberty (Nasdaq: LINTA, LINTB) owns interests in a broad range video and online commerce businesses including QVC, Provide Commerce, Backcountry.com, Celebrate Interactive, Bodybuilding.com, Evite, and Expedia.

**Forward-Looking Statements**

This press release includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about the proposed recapitalization of Liberty's common stock, a related rights offering 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, the satisfaction of conditions to the proposed recapitalization. These forward looking statements speak only as of the date of this press release, and Liberty 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'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, including the most recent Form 10-K, for additional information about Liberty and about the risks and uncertainties related to Liberty's business which may affect the statements made in this press release.

**Additional Information**

Nothing in this press release shall constitute a solicitation to buy or an offer to sell shares of Liberty's proposed new tracking stock or Liberty's existing common stock. The offer and sale of shares of the proposed tracking stock will only be made pursuant to an effective registration statement. Liberty stockholders and other investors are urged to read the registration statement to be filed with the SEC, including the proxy statement/prospectus to be contained therein, because they will contain important information about the issuance of shares of the proposed tracking

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stock. Copies of Liberty'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 will also be 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 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 and other participants in the proxy solicitation and a

description of their respective direct and indirect interests, by security holdings or otherwise, will be available in the proxy materials to be filed with the SEC.

Contact: Courtnee Ulrich  
(720) 875-5420

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Filed by Liberty Interactive Corporation pursuant to Rule 425 under the Securities Act of 1933 and deemed filed pursuant to Rule 14a-6(b) of the Securities Exchange Act of 1934

Subject Company: Liberty Interactive Corporation  
Commission File No.: 001-33982

## 1. Excerpts from Earnings Release

Highlights include:

- Announcing plan to recapitalize Liberty Interactive into two tracking stocks — Liberty Interactive and Liberty Ventures

“...Separately, today we announced our board’s approval of the recapitalization of our common stock into two tracking stocks, Liberty Interactive and Liberty Ventures. We expect this recapitalization to highlight each tracking stock’s operations and financial aspects of the attributed assets and provide investor choice while maintaining an optimal capital and tax-efficient structure.”

## 2. Excerpts from Slide Show

### Liberty Interactive Recapitalization

- Liberty Interactive will become two tracking stocks
  - Liberty Interactive
  - Liberty Ventures
- Liberty Ventures plans to issue subscription rights to acquire common stock of Liberty Ventures
  - Raise capital for investments in new business opportunities to be attributed to Liberty Ventures
- Process
  - Plan to file S-4 with SEC
  - Shareholder vote and meeting required, will not require IRS ruling
  - Anticipate closing summer 2012

### Liberty Interactive Tracking Stock

- Assets
  - QVC
  - eCommerce companies
  - 34% interest in HSN
  - Cash of ~\$0.5b(1)

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(1) Cash from various sources including cash on hand, cash from operations and proceeds from QVC bank credit facility. Expected balance of QVC bank credit facility at closing of \$1.3-1.5 billion.

- Liabilities
  - QVC Debt
    - \$2b of bonds
    - \$2b bank credit facility, expected balance of \$1.3-1.5b at closing
  - Senior Notes
    - \$309m 5.7% due 2013
    - \$287m 8.5% due 2029

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- \$504m 8.25% due 2030

### Liberty Ventures Tracking Stock

- Assets
  - Non-consolidated assets consisting of interests in(1):
    - AOL — \$36m
    - Expedia — \$1.1b
    - Interval — \$220m
    - Time Warner — \$808m
    - Time Warner Cable — \$417m
    - Tree — \$20m
    - TripAdvisor — \$1.0b
    - Green investments
  - Cash of ~\$1.25b(2)
- Debt
  - Exchangeable debentures
    - \$1,138m 3.125% due 2023 — TWX, TWC, AOL(3)
    - \$469m 4% due 2029 — S/CTL
    - \$460m 3.75% due 2030 — S/CTL
    - \$486m 3.5% due 2031 — MMI/MSI
    - \$414m 3.25% due 2031 — V/CBS

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(1) Market values based on 2/22/2012 closing prices

(2) Cash from various sources including cash on hand, cash from operations and proceeds from QVC bank credit facility. Expected balance of QVC bank credit facility at closing of \$1.3-1.5 billion.

(3) Put exercisable 3/30/2013

## Rationale

- Increases transparency and investor choice
  - Liberty Interactive
    - Increases focus/clarity on Liberty Interactive as video and eCommerce operating business
    - Highlights operations and financial strength of these businesses
    - Further simplifies story
    - Better aligns Liberty Interactive with retail, eCommerce comp universe
    - Isolates complexity discount to Liberty Ventures
  - Liberty Ventures
    - Better highlights investments at Liberty Ventures that were previously overlooked because of the size of QVC
    - Liberty Ventures is similar to Liberty Capital, bet on management's ability to
      - Tax efficiently monetize investments
      - Make attractive investments
- Better capital raising prospects at both tracking stock groups
- Tracking stock structure maintains tax efficiency

## Highlights

- Announcing plan to recapitalize Liberty Interactive into two tracking stocks — Liberty Interactive and Liberty Ventures

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## Priorities

- Liberty Interactive
  - Complete recapitalization of Liberty Interactive into two tracking stocks

## 3. Excerpts from transcript of Earnings Call

### **Gregory B. Maffei, President and Chief Executive Officer**

We hope you've seen our announcement this morning on our plan to recapitalize Liberty Interactive into two tracking stocks — Liberty Interactive and Liberty Ventures.

Attributing to Liberty Interactive, we will have in it QVC, our eCommerce companies, our 34% interest in HSN, cash of about \$500 million, QVC's debt, which is comprised of the bank debt it has and the bonds it's issued, and the senior notes that were issued by Liberty.

Attributing to Liberty Ventures, we're going to have all of our non-consolidated interests, excluding HSN, but including Expedia, Trip, Time Warner, our green investments, and more. This entity will have cash of about \$1.25 billion. We're also attributing all of our exchangeable debentures, including those associated with the Time Warner entities, and at the time we complete the split-off of Liberty Ventures, or the creation of Liberty Ventures, we'll have some subscription rights handed out to each of the shareholders, which will allow you to acquire more Liberty Ventures stock at a discount. We'll talk more about that going forward. The reason for that is to raise capital for investments in new business opportunities and to ensure the balance sheet strength of Liberty Ventures.

Regarding the process, we need to file an S-4 with the SEC. We need a shareholder vote on a meeting, and a meeting, and we will not be required to get an IRS ruling. Our anticipation is that we'll close sometime, hopefully early, this summer.

The rationale for this recapitalization is not because, as some have suggested, we want to maintain our market leading share in trackers, but instead, to increase transparency and investor choice. With Liberty Interactive, you're going to be able to get a pure-play video and eCommerce company, better aligned with our retail e-commerce peers. We hope to highlight the operations and financial strengths of these very good businesses to further simplify this operating story, and to isolate the complexity, which Liberty has some of, to Liberty Ventures.

With Liberty Ventures, we hope to better highlight some of the investments we have here that may have been overlooked due to their relative small size compared to QVC, to give us some flexibility, the same way we have with Liberty Capital, to bet on our ability to tax efficiently, monetize some of these investments and make other attractive investments. We also hope to have better capital raising prospects for both tracking stocks and, as always, given the tracking stock structure, we're able to maintain tax efficiency.

Our priorities remain mostly the same, with the addition of completing the recapitalization of Liberty Interactive into the two tracking stocks; at QVC we're focusing on differentiated product offering, with compelling marketing and programming, and expanding the business with new customers in new markets.

We're looking to continue to grow our eCommerce companies and capitalize on their continued success. And we'll focus on rationalizing the non-core investments, particularly those at the newly established or to be established Liberty Ventures.

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## Question and Answer

### **Question**

[O]n the new Ventures tracking stock, obviously, there's going to be a decent amount of capital there, especially with the rights offering planned for after the separation. How do you think about uses of capital there, in terms of — you noted that there would be some investment in, or new investments. Will those be, you know, focused on any particular industry, or is it a broader pool of capital to explore?

### **Gregory B. Maffei**

I don't think we're going to contain ourselves with a particular focus. Obviously, most of Liberty's experience is in TMT, so I think that's probably where we'll concentrate, but that's not dispositive. What we're really saying is that Ventures has a much more wide open charter and Liberty Interactive has a very focused charter. And investors rightly want to see the focus of those operating companies and the bet at Liberty Ventures is a little more broad. It's about our ability to be smart in working through the tax issues. It's about our ability to be smart in working through some of the non-consolidated investments in which we have interesting control positions or potential control positions, but not the ability to capitalize on them today, and our ability to reinvest smartly in things like the green deals that we cut and other areas. And it is a lot more

uncertain about what that future is, but it's a bet on our ability to be smart.

#### Question

[C]ould you give us a little bit more color on any sense of how much capital you would look to be raising at Ventures and when you'd look to do that? And is that purely just capital for capacity for investments, or are there some other kind of liquidity constraints there?

#### Gregory B. Maffei

Well, I think the only capital that we're anticipating raising is under the subscription rights, which are going to be issued to each of the holders of Liberty Interactive at the time. So our anticipation is we'll have a reverse split, just because of the relative low value on a per share basis likely at Liberty Ventures, and that we will issue a new — after that split, we'll issue a new subscription right — for every 3 shares, you'll get a subscription right, which will entitle you to buy more Liberty Ventures at a 20% discount over the first 20 trading days. So that's the only capital that we're anticipating. That amount of capital will be somewhat dependent on whether ... the subscription rights get exercised, which I suspect will largely happen, and what is the trading price over those first 20 days, because the math will dictate that, if it trades at a higher price, we're going to raise more capital than if it trades at a lower price. And so — but if you think about that, it's going to be a few hundred million dollars, just looking at the math and what it's likely to be.

One could surmise different numbers if you had very high or very low numbers for the trading price of Ventures, but just guessing, it's going to be in the hundreds of millions of dollars range, not more. And that's the only capital we're anticipating raising today.

#### Question

Okay. And again, this is more nice to have for investments as opposed to need to have for liquidity?

#### Gregory B. Maffei

Well, the one thing I would note is that we're here to present to investors a clean Liberty Interactive. If you think about the nature of the tracking stocks from the fact that we're still under one indenture and both sides are liable for each other's debt, one of the things that's important is to ensure a well-capitalized Liberty Ventures to give the market confidence that it, Liberty Ventures, can handle the debt which has been attributed to it, and that it never will be called upon, or be calling upon, rather, Liberty Interactive to ever handle that debt, even if that debt is many, many years down the road, you want to present a fully capitalized and strongly capitalized Liberty Ventures, so it is not a drag on Liberty Interactive. So that's the only other reason, besides putting capital in for opportunities, it's to ensure strength that the balance sheet is not a drag.

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#### Question

Okay. And then one last question here. Your share repurchase volume at about 2% of market cap, I think, over the last period through January, is as you noted, below the kind of 50% aspiration rate you noted in your investor day over three years. Why — should we read that as an indication of your real appetite for share repurchase, that it is somewhat below the aspiration that you put up there, or were you constrained in the quarter by all of the changes you're doing corporately, so we shouldn't really read too much into the pace?

#### Gregory B. Maffei

Well, I'd say a couple things. One, as you noted, that was aspirational. Two, we usually put in place a whole bunch of bands which — about where the stock trades and how much we buy at levels, and the stock moved up, in some cases, faster than we might have anticipated. And three, we were influenced by the thought that we were doing the trackers and that, you know, rather than be buying stock in a mix, some of it you're effectively buying back Expedia and you're effectively buying back Trip and you're effectively buying back the eCommerce companies. Here we want to be able to say, okay, we now have clarity on whether we're buying back which and how we think they're priced.

#### Question

[A]s you morph yourselves yet again, are there any restrictions on your repurchase activity moving toward this early summer close?

#### Gregory B. Maffei

We don't anticipate that our actions regarding the trackers are going to limit our repurchase activity.

#### Question

Just had a couple questions on the Liberty Ventures. Can you remind us in sort of 2030 dollars, or whenever those exchangeables come due, what the amount is that you'll owe the IRS at that point in time? And how easy will it be to get corresponding tax assets via these green energy investments or other actions that you take?

Is that sort of easy to do? Is it a stretch? And then one final one, I think in the release you said you're going to put a billion and a quarter of cash on top of whatever capital you raise as it relates to the subscription rights. Where's that cash coming from, given the cash that sits on the balance sheet? Are you drawing down more on your bank line? Thanks.

#### Gregory B. Maffei

Yeah, so starting with the future liability is about \$5.4 billion.

Now that's 2029, 2030, 2031. Now what's misleading about that decision today is our current liability is about something like \$1.3 billion. So there's a lot of benefit to be generated between now and 2029. So to sit there and think about the \$5.4 billion without looking at the fact that it only sits today at \$1.3 billion, \$1.3 billion, which is an undiscounted \$1.3 billion, right.

\$1.3 billion, that is if we cut it off now, we never got another credit, it would be \$1.3 billion due over that time, '29, '30, '31. We're now talking about — in those days, it's going to be \$5.4 billion, so there's another \$4 billion plus to be generated of benefits.

So that is theoretically money that we will allot — invest wisely between now and then.

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Some of that will go into these green investments. We have found some, and, you know, as a math exercise that you might find enjoyable, Jason, as I know you're a numerical type fellow, take a discount rate and say what do you have to invest some of the cash you're going to get at to defease that \$5.4 billion. It's a fairly low number, given how much benefit is coming. And we'd like to think we will be able to beat that fairly low number on rates of return. On the green deals that we've done to-date, I believe we will meet that, beat that number substantially, I mean, by margins that are very large.

Whether we'll also be able to find other kinds of attractive investments, you know, we are hopeful. There are, you know, given that very low hurdle rate against which we have to target to beat, given how much benefit's going to be generated versus how much liability we have today, it's not a huge number. I think we'll be able to exceed that and create equity value. And I think our Chairman wants to add a thought.

**John Malone, Chairman**

Yeah, the only thought I would make is if you were to liquidate Ventures today and pay all the taxes, it would have a very little equity value. So the entirety of the value is essentially going forward based upon the ability to generate returns going forward, based upon the tax incented, if you want to call it, or tax-advantaged liabilities that we have, and the low interest rate on them and their duration. So you're kind of looking at a 19 or 20-year liability at a low interest rate, tax advantaged, and a cumulative borrowing from the IRS at zero interest rate for 20 years. That creates the equity value, if there is any, going forward and creates the challenge. You clearly are starting life with sufficient capital that you could liquidate the whole thing and have a positive residual.

**Gregory B. Maffei**

A small.

**John Malone**

A small positive residual. So clearly the objective is not to do that but rather to take advantage of the balance between assets and liabilities and the ability to reinvest deferred tax liabilities favorably. So it becomes a big exercise in the present value of future assets and liabilities and the skill set of being able to morph the assets and create new assets that have favorable present values when adjusted for their liquidation value.

**Gregory B. Maffei**

Right. So if I was to look at it another way, when we look at the balance sheet of Liberty Ventures, it will show, as John noted, very little positive net equity value, if you were to hard liquidate today. But that will ignore that our ability to defer many of the taxes, we already talked about the ones related to the exchange not coming due until '29, '30, '31 and it will ignore the fact that some of that gains, capital gains that we could choose when to take or not. And it will ignore the fact that an asset, which will never really be on the balance sheet, but which will have growth over time, is the future deductions in excess of cash paid, in effect, as John noted, that interest free loan from the government. So that'll be the exercise for us to talk to the marketplace and educate and that'll be the exercise for us to invest wisely.

**Question**

Makes perfect sense. And the \$1.25 billion of cash?

**Gregory B. Maffei**

Yeah, the \$1.25 billion of cash is going to come from — some cash that is excess at Liberty Interactive, some cash that is excess at QVC, some cash that will be generated by QVC and the eCommerce companies, but primarily by QVC, between now and the time that we complete the Liberty Ventures transaction, and the balance will be drawn on the Liberty Interactive, or the QVC credit line, of which we had something like \$400 million drawn today out of

\$2 billion, so there's plenty of room available to draw it. And I think in the release we said we're anticipating something like a \$1.3 billion incremental draw on that. But we'll see. It will somewhat depend.

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**Forward Looking Statements**

The foregoing press release, slide show and transcript include certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about financial guidance, business strategies, market potential, future financial performance, new service and product launches, the proposed recapitalization of Liberty's common stock, a related rights offering 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, changes in law and government regulations that may impact the derivative instruments that hedge certain of our financial risks and the satisfaction of the conditions to the proposed recapitalization. These forward looking statements speak only as of the date of the press release, slide show and transcript, and Liberty 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'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, including the most recent Form 10-K, for additional information about Liberty and about the risks and uncertainties related to Liberty's business which may affect the statements made in this presentation.

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