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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-33982

LIBERTY INTERACTIVE CORPORATION

(Exact name of Registrant as specified in its charter)

State of Delaware (State or other jurisdiction of incorporation or organization)	**84-1288730** (I.R.S. Employer Identification No.)
12300 Liberty Boulevard **Englewood, Colorado** (Address of principal executive offices)	**80112** (Zip Code)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (do not check if smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☒

The number of outstanding shares of Liberty Interactive Corporation's common stock as of July 31, 2013 was:

	Series A	Series B
Liberty Interactive common stock	491,514,108	28,901,353
Liberty Ventures common stock	35,349,856	1,442,689

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(unaudited)

	June 30, 2013	December 31, 2012
	amounts in millions	
Assets		
Current assets:		
Cash and cash equivalents	$ 1,448	2,660
Trade and other receivables, net of allowance for doubtful accounts of $80 million and $79 million	909	1,201
Inventory, net	1,129	1,106
Short term marketable securities (note 5)	508	186
Other current assets	115	105
Total current assets	4,109	5,258
Investments in available-for-sale securities and other cost investments (note 6)	1,365	1,819
Investments in affiliates, accounted for using the equity method (note 7)	883	851
Property and equipment, at cost	2,142	2,170
Accumulated depreciation	(967)	(935)
	1,175	1,235
Intangible assets not subject to amortization (note 8):		
Goodwill	9,521	9,556
Trademarks	4,354	4,324
	13,875	13,880
Intangible assets subject to amortization, net (note 8)	2,779	3,117
Other assets, at cost, net of accumulated amortization	99	95
Total assets	$ 24,285	26,255

(continued)

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Continued)

(unaudited)

		June 30, 2013	December 31, 2012
		amounts in millions, except share amounts	
Liabilities and Equity			
Current liabilities:			
Accounts payable	$	559	719
Accrued liabilities		798	918
Current portion of debt (note 9)		1,029	1,638
Deferred income tax liabilities		841	912
Other current liabilities		206	302
Total current liabilities		3,433	4,489
Long-term debt, including $1,879 million and $2,930 million measured at fair value (note 9)		5,959	6,246
Deferred income tax liabilities		2,989	3,209
Other liabilities		239	260
Total liabilities		12,620	14,204
Equity			
Stockholders' equity (note 10):			
Preferred stock, $.01 par value. Authorized 50,000,000 shares; no shares issued		—	—
Series A Liberty Interactive common stock, $.01 par value. Authorized 4,000,000,000 shares; issued and outstanding 493,579,562 shares at June 30, 2013 and 516,009,627 shares at December 31, 2012		5	5
Series B Liberty Interactive common stock, $.01 par value. Authorized 150,000,000 shares; issued and outstanding 28,901,353 shares at June 30, 2013 and 28,942,403 shares at December 31, 2012		—	—
Series A Liberty Ventures common stock, $.01 par value. Authorized 200,000,000 shares; issued and outstanding 35,347,144 shares at June 30, 2013 and 35,355,434 shares at December 31, 2012		—	—
Series B Liberty Ventures common stock, $.01 par value. Authorized 7,500,000 shares; issued and outstanding 1,442,689 shares at June 30, 2013 and 1,446,916 shares at December 31, 2012		—	—
Additional paid-in capital		1,752	2,225
Accumulated other comprehensive earnings (loss), net of taxes		55	148
Retained earnings		5,331	5,184
Total stockholders' equity		7,143	7,562
Noncontrolling interests in equity of subsidiaries		4,522	4,489
Total equity		11,665	12,051
Commitments and contingencies (note 11)			
Total liabilities and equity	$	24,285	26,255

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Operations

(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
	amounts in millions			
Revenue:				
Net retail sales	$ 2,400	2,365	4,834	4,679
Other revenue	247	—	477	—
Total revenue	2,647	2,365	5,311	4,679
Operating costs and expenses:				
Cost of sales (exclusive of depreciation shown separately below)	1,521	1,488	3,074	2,954
Operating, including stock-based compensation (note 3)	243	199	487	407
Selling, general and administrative, including stock-based compensation (note 3)	362	241	728	480
Depreciation and amortization	237	147	467	290
	2,363	2,075	4,756	4,131
Operating income	284	290	555	548
Other income (expense):				
Interest expense	(90)	(107)	(201)	(213)
Share of earnings (losses) of affiliates, net (note 7)	7	35	(4)	46
Realized and unrealized gains (losses) on financial instruments, net (note 5)	9	(160)	(64)	(178)
Gains (losses) on transactions, net	(2)	288	(2)	288
Other, net	(15)	30	(53)	33
	(91)	86	(324)	(24)
Earnings (loss) before income taxes	193	376	231	524
Income tax (expense) benefit	(43)	(127)	(28)	(170)
Net earnings (loss)	150	249	203	354
Less net earnings (loss) attributable to the noncontrolling interests	30	15	56	29
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 120	234	147	325
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders:				
Liberty Interactive Corporation common stock	NA	234	NA	325
Liberty Interactive common stock	$ 109	NA	204	NA
Liberty Ventures common stock	11	NA	(57)	NA
	$ 120	234	147	325

(Continued)

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Operations (Continued)

(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
			amounts in millions, except per share amounts	
Basic net earnings (losses) attributable to Liberty Interactive Corporation shareholders per common share (note 4):				
Series A and Series B Liberty Interactive Corporation common stock	NA	0.42	NA	0.58
Series A and Series B Liberty Interactive common stock	$ 0.21	NA	0.39	NA
Series A and Series B Liberty Ventures common stock	$ 0.30	NA	(1.54)	NA
Diluted net earnings (losses) attributable to Liberty Interactive Corporation shareholders per common share (note 4):				
Series A and Series B Liberty Interactive Corporation common stock	NA	0.42	NA	0.57
Series A and Series B Liberty Interactive common stock	$ 0.21	NA	0.38	NA
Series A and Series B Liberty Ventures common stock	$ 0.30	NA	(1.54)	NA

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Comprehensive Earnings (Loss)

(unaudited)

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
	amounts in millions			
Net earnings (loss)	$ 150	249	203	354
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	(16)	(49)	(113)	(36)
Unrealized holding gains (losses) arising during the period	(1)	—	(1)	—
Share of other comprehensive earnings (losses) of equity affiliates	—	(3)	—	(1)
Other comprehensive earnings (loss)	(17)	(52)	(114)	(37)
Comprehensive earnings (loss)	133	197	89	317
Less comprehensive earnings (loss) attributable to the noncontrolling interests	24	19	35	23
Comprehensive earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 109	178	54	294
Comprehensive earnings (loss) attributable to Liberty Interactive Corporation shareholders:				
Liberty Interactive Corporation common stock	NA	178	NA	294
Liberty Interactive common stock	$ 101	NA	111	NA
Liberty Ventures common stock	8	NA	(57)	NA
	$ 109	178	54	294

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Cash Flows

(unaudited)

	Six months ended June 30, 2013	Six months ended June 30, 2012
	amounts in millions	
Cash flows from operating activities:		
Net earnings (loss)	$ 203	354
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	467	290
Stock-based compensation	86	35
Cash payments for stock-based compensation	(5)	(2)
Share of (earnings) losses of affiliates, net	4	(46)
Cash receipts from returns on equity investments	15	13
Realized and unrealized (gains) losses on financial instruments, net	64	178
(Gains) losses on transactions, net	2	(288)
Deferred income tax expense (benefit)	(267)	26
Other, net	14	(25)
Changes in operating assets and liabilities		
Current and other assets	248	357
Payables and other liabilities	(385)	(162)
Net cash provided (used) by operating activities	446	730
Cash flows from investing activities:		
Cash proceeds from dispositions of investments	1,136	348
Investments in and loans to cost and equity investees	(51)	(108)
Capital expended for property and equipment	(136)	(151)
Purchases of short term and other marketable securities	(1,116)	—
Sales of short term and other marketable securities	444	46
Other investing activities, net	(42)	(40)
Net cash provided (used) by investing activities	235	95
Cash flows from financing activities:		
Borrowings of debt	3,094	666
Repayments of debt	(4,397)	(873)
Shares repurchased by subsidiary	(42)	—
Shares issued by subsidiary	19	—
Repurchases of Liberty Interactive common stock	(499)	(637)
Other financing activities, net	(39)	(26)
Net cash provided (used) by financing activities	(1,864)	(870)
Effect of foreign currency exchange rates on cash	(29)	(12)
Net increase (decrease) in cash and cash equivalents	(1,212)	(57)
Cash and cash equivalents at beginning of period	2,660	847
Cash and cash equivalents at end of period	$ 1,448	790

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statement Of Equity

(unaudited)

Six months ended June 30, 2013

	Stockholders' Equity									
		Liberty Interactive		Liberty Ventures						
	Preferred Stock	Series A	Series B	Series A	Series B	Additional paid-in capital	Accumulated other comprehensive earnings	Retained Earnings	Noncontrolling interest in equity of subsidiaries	Total equity
	amounts in millions									
Balance at January 1, 2013	$ —	5	—	—	—	2,225	148	5,184	4,489	12,051
Net earnings (loss)	—	—	—	—	—	—	—	147	56	203
Other comprehensive earnings (loss)	—	—	—	—	—	—	(93)	—	(21)	(114)
Stock-based compensation	—	—	—	—	—	40	—	—	29	69
Issuance of common stock upon exercise of stock options	—	—	—	—	—	3	—	—	—	3
Series A Liberty Interactive stock repurchases	—	—	—	—	—	(499)	—	—	—	(499)
Shares repurchased by subsidiary	—	—	—	—	—	(16)	—	—	(26)	(42)
Shares issued by subsidiary	—	—	—	—	—	(2)	—	—	21	19
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(25)	(25)
Other	—	—	—	—	—	1	—	—	(1)	—
Balance at June 30, 2013	$ —	5	—	—	—	1,752	55	5,331	4,522	11,665

See accompanying notes to condensed consolidated financial statements.

(1) Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of Liberty Interactive Corporation and its controlled subsidiaries (collectively, "Liberty" or the "Company" unless the context otherwise requires). All significant intercompany accounts and transactions have been eliminated in consolidation.

Liberty, through its ownership of interests in subsidiaries and other companies, is primarily engaged in the video and on-line commerce industries in North America, Europe and Asia.

The accompanying (a) condensed consolidated balance sheet as of December 31, 2012, which has been derived from audited financial statements, and (b) the interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for such periods have been included. Certain amounts included in the accompanying financial statements for 2012 have been reclassified and adjusted to conform to the 2013 financial statement presentation. During the current period, due to the increased level of activity, we changed the presentation of Net sales (purchases) of short term investments and other marketable securities to present gross amounts in the consolidated statement of cash flows, in order to conform to GAAP requirements. The results of operations for any interim period are not necessarily indicative of results for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in Liberty's Annual Report on Form 10-K for the year ended December 31, 2012.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Liberty considers (i) fair value measurement, (ii) accounting for income taxes, (iii) assessments of other-than-temporary declines in fair value of its investments and (iv) estimates of retail-related adjustments and allowances to be its most significant estimates.

Liberty holds investments that are accounted for using the equity method. Liberty does not control the decision making process or business management practices of these affiliates. Accordingly, Liberty relies on management of these affiliates to provide it with accurate financial information prepared in accordance with GAAP that Liberty uses in the application of the equity method. In addition, Liberty relies on audit reports that are provided by the affiliates' independent auditors on the financial statements of such affiliates. The Company is not aware, however, of any errors in or possible misstatements of the financial information provided by its equity affiliates that would have a material effect on Liberty's condensed consolidated financial statements.

In September 2011, Liberty completed the split-off (the “Split-Off”) of its former wholly-owned subsidiary (then named Liberty Media Corporation), which at the time of the Split-Off held all of the businesses, assets and liabilities attributed to Liberty's then Capital and Starz tracking stock groups. In January 2013, this entity (now named Starz) spun-off (the “Spin-Off”) its former wholly-owned subsidiary, Liberty Media Corporation ("LMC"). Following the Split-Off and Spin-Off, Liberty, LMC and Starz each operate as separate publicly traded companies, none of which has any stock ownership, beneficial or otherwise, in the other.

In connection with the Split-Off, Liberty entered a Reorganization Agreement, a Services Agreement, a Facilities Sharing Agreement and a Tax Sharing Agreement with the split-off entity (now known as Starz). All of these agreements, with the exception of the Tax Sharing Agreement, were assigned by Starz to LMC in connection with the Spin-Off. The Reorganization Agreement provides for, among other things, provisions governing the relationship between Liberty and LMC following the Split-Off, including certain cross-indemnities. Pursuant to the Services Agreement, LMC provides Liberty with certain general and administrative services including legal, tax, accounting, treasury and investor relations support. Liberty reimburses LMC for direct, out-of-pocket expenses incurred by LMC in providing these services and for Liberty's allocable portion of costs associated with any shared services or personnel based on an estimated percentage of time spent providing services to Liberty. Under the Facilities Sharing Agreement, LMC shares office space and related amenities at its corporate headquarters with Liberty. Under these various agreements, approximately $4 million and $8 million of allocated expenses were reimbursable by Liberty to LMC for thethree and six months ended June 30, 2013, respectively, and approximately $2 million and $5 million for the three and six months ended June 30, 2012, respectively. The Tax Sharing Agreement provides for the allocation and indemnification of tax liabilities and benefits between Liberty and Starz and other agreements related to tax matters. With respect to the Split-Off, the IRS has examined the transaction, and during 2012, the IRS and Liberty Interactive entered into a Closing Agreement which provides that the Split-Off qualified for tax-free treatment to Liberty and Starz. In April 2013, the IRS completed its review of the Spin-Off and notified the parties that it agreed with the nontaxable characterization of the transaction.

On December 11, 2012, we acquired approximately4.8 million additional shares of common stock of TripAdvisor, Inc. ("TripAdvisor") (an additional4% equity ownership interest), for $300 million, along with the right to control the vote of the shares of TripAdvisor's common stock and class B common stock we own. Following the transaction, we own approximately 22% of the equity and 57% of the total votes of all classes of TripAdvisor common stock. As this transaction resulted in Liberty gaining control of TripAdvisor, we applied the applicable purchase accounting guidance. The fair value of our ownership interest previously held and the fair value of the noncontrolling interest (Level 1) was determined based on the trading price of TripAdvisor common shares on the last trading day prior to our transaction. Additionally, the noncontrolling interest includes the fair value of TripAdvisor's fully vested options (Level 2) outstanding at the date of acquisition. Following the transaction date, TripAdvisor is a consolidated subsidiary with a 78% noncontrolling interest accounted for in equity and the condensed consolidated statements of operations. Other than a$30 million re-classification from the "Intangibles subject to amortization" line item to the "Trademarks" line item, there have been no significant changes to our purchase price allocation since December 31, 2012. The initial purchase price allocation is subject to change upon receipt of the final valuation analysis for TripAdvisor. The primary balances still subject to analysis are goodwill, tradenames and other intangibles subject to amortization.

(2) Tracking Stocks

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

A tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. Liberty has two tracking stocks—Liberty Interactive common stock and Liberty Ventures common stock, which are intended to track and reflect the economic performance of the Interactive Group and Ventures Group, respectively. While the Interactive Group and the Ventures Group have separate collections of businesses, assets and liabilities attributed to them, no group is a separate legal entity and therefore cannot own assets, issue securities or enter into legally binding agreements. Holders of tracking stocks have no direct claim to the group's stock or assets and are not represented by separate boards of directors. Instead, holders of tracking stock are stockholders of the parent corporation, with a single board of directors and subject to all of the risks and liabilities of the parent corporation.

The term "Ventures Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. The Ventures Group is primarily comprised of TripAdvisor, a consolidated subsidiary, and interests in Expedia, Inc., Interval Leisure Group, Inc., Tree.com, Inc., investments in Time Warner Inc. and Time Warner Cable Inc., as well as cash in the amount of approximately $857 million (at June 30, 2013). The Ventures Group also has attributed to it certain liabilities related to our Exchangeable Debentures and certain deferred tax liabilities. The Ventures Group is primarily focused on the maximization of the value of these investments and investing in new business opportunities.

The term "Interactive Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. The Interactive Group is primarily focused on video and e-commerce operating businesses and has attributed to it the remainder of Liberty's businesses and assets, including operating subsidiaries QVC, Inc. ("QVC"), Provide Commerce, Inc., Backcountry.com, Inc., Bodybuilding.com, LLC, Celebrate Interactive Holdings, LLC and CommerceHub as well as interests in HSN, Inc., and cash of approximately $591 million (at June 30, 2013), which includes subsidiary cash. The Interactive Group has attributed to it liabilities that reside with QVC and the other entities listed as well as our outstanding senior notes and certain deferred tax liabilities.

See Exhibit 99.1 to this Quarterly Report on Form 10-Q for unaudited attributed financial information for Liberty's tracking stock groups.

(3) Stock-Based Compensation

The Company has granted to certain of its directors, employees and employees of its subsidiaries stock appreciation rights ("SARs"), restricted stock grants and options to purchase shares of Liberty common stock (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an equity classified Award (such as stock options and restricted stock grants) based on the grant-date fair value of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). The Company measures the cost of employee services received in exchange for a liability classified Award (such as stock appreciation rights that will be settled in cash) based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date.

Included in the accompanying condensed consolidated statements of operations are the following amounts of stock-based compensation, a portion of which relates to TripAdvisor as discussed below:

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
	(amounts in millions)			
Operating expense	$ 5	—	13 —	—
Selling, general and administrative expense	39	18	73	35
	$ 44	18	86	35

During the six months ended June 30, 2013, Liberty granted, primarily to QVC employees, 4.2 million options to purchase shares of Series A Liberty Interactive common stock. Such options had a weighted average grant-date fair value of $8.16 per share and vest semi-annually over the four year vesting period.

The Company has calculated the grant-date fair value for all of its equity classified Awards and any subsequent remeasurement of its liability classified Awards using the Black-Scholes Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. The volatility used in the calculation for Awards is based on the historical volatility of Liberty's stock and the implied volatility of publicly traded Liberty options. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

Liberty—Outstanding Awards

The following tables present the number and weighted average exercise price ("WAEP") of the Awards to purchase Liberty Interactive and Liberty Ventures common stock granted to certain officers, employees and directors of the Company.

	Liberty Interactive			
	Series A (000's)	WAEP	Series B (000's)	WAEP
Outstanding at January 1, 2013	33,839	$ 16.92	432	$ 17.92
Granted	4,188	$ 21.08	—	$ —
Exercised	(2,365)	$ 10.44	—	$ —
Forfeited/Cancelled	(450)	$ 14.58	—	$ —
Outstanding at June 30, 2013	35,212	$ 17.88	432	$ 17.92
Exercisable at June 30, 2013	14,263	$ 16.18	432	$ 17.92

	Liberty Ventures			
	Series A (000's)	WAEP	Series B (000's)	WAEP
Outstanding at January 1, 2013	1,155	$ 56.26	22	$ 46.69
Granted	—	$ —	—	$ —
Exercised	(84)	$ 48.58	—	$ —
Forfeited/Cancelled	(1)	$ 43.48	—	$ —
Outstanding at June 30, 2013	1,070	$ 56.87	22	$ 46.69
Exercisable at June 30, 2013	450	$ 54.69	22	$ 46.69

The following table provides additional information about outstanding Awards to purchase Liberty Interactive and Liberty Ventures common stock at June 30, 2013.

	No. of outstanding Awards (000's)	WAEP of outstanding Awards	Weighted average remaining life	Aggregate intrinsic value (000's)	No. of exercisable Awards (000's)	WAEP of exercisable Awards	Weighted average remaining life	Aggregate intrinsic value (000's)
Series A Liberty Interactive	35,212	$ 17.88	5.3 years	$ 181,134	14,263	$ 16.18	4.1 years	$ 97,735
Series B Liberty Interactive	432	$ 17.92	1.9 years	$ 1,819	432	$ 17.92	1.9 years	$ 1,819
Series A Liberty Ventures	1,070	$ 56.87	5.5 years	$ 30,130	450	$ 54.69	4.4 years	$ 13,687
Series B Liberty Ventures	22	$ 46.69	1.9 years	$ 827	22	$ 46.69	1.9 years	$ 827

As of June 30, 2013, the total unrecognized compensation cost related to unvested Liberty outstanding equity Awards was approximately $143 million, including compensation associated with the option exchange that occured in December 2012. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 2.1 years.

TripAdvisor - Stock-based Compensation

During six months ended June 30, 2013, TripAdvisor issued 1.6 million of primarily service based stock options under their 2011 Incentive Plan with a weighted average estimated grant-date fair value per option of $23.15. As of June 30, 2013, TripAdvisor has 9.0 million options outstanding of which 3.8 million are exercisable. TripAdvisor stock-based compensation for the three and six months ended June 30, 2013 was approximately $14 million and $30 million, respectively. As of June 30, 2013, the total unrecognized compensation cost related to unvested TripAdvisor stock options was approximately $90 million and will be recognized over a weighted average period of approximately 2.9 years.

Additionally, during the six months ended June 30, 2013, TripAdvisor granted 994,000 service based RSUs under their 2011 Incentive Plan for which the fair value was measured based on the quoted price of TripAdvisor common stock at the date of grant. As of June 30, 2013, the total unrecognized compensation cost related to 1 million unvested TripAdvisor RSUs was approximately $41 million and will be recognized over a weighted average period of approximately 3.5 years.

Other

Certain of the Company's other subsidiaries have stock based compensation plans under which employees and non-employees are granted options or similar stock based awards. Awards made under these plans vest and become exercisable over various terms. The awards and compensation recorded, if any, under these plans is not significant to Liberty.

(4) Earnings (Loss) Per Common Share

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented.

Series A and Series B Liberty Interactive Corporation Common Stock

The basic and diluted EPS calculation for Liberty Interactive Corporation prior to the recapitalization is based on the following number of weighted average shares outstanding. Excluded from diluted EPS, for the three and six months ended June 30, 2012, prior to the recapitalization, are 7 million potential common shares because their inclusion would be antidilutive. As discussed in more detail in note 2, Liberty Interactive Corporation common stock was recapitalized through the creation of the Liberty Interactive common stock and Liberty Ventures common stock as tracking stocks during the third quarter of 2012. Therefore, there is no Liberty Interactive Corporation common stock outstanding at June 30, 2013.

	Liberty Interactive Corporation Common Stock	
	Three months ended June 30, 2012	Six months ended June 30, 2012
	number of shares in millions	
Basic EPS	553	563
Potentially dilutive shares	9	9
Diluted EPS	562	572

Series A and Series B Liberty Interactive Common Stock

Liberty completed a recapitalization on August 9, 2012, whereby each holder of then-existing Liberty Interactive Corporation common stock became a holder of the same number of shares of Liberty Interactive common stock. Excluded from diluted EPS, for the three and six months ended June 30, 2013, are less than a million potential common shares because their inclusion would be antidilutive.

	Liberty Interactive Common Stock	
	Three months ended June 30, 2013	Six months ended June 30, 2013
	number of shares in millions	
Basic EPS	523	529
Potentially dilutive shares	8	7
Diluted EPS	531	536

Series A and Series B Liberty Ventures Common Stock

Liberty completed a recapitalization on August 9, 2012, whereby each holder of then-existing Liberty Interactive Corporation common stock received0.05 of a share of the corresponding series of Liberty Ventures common stock, by means of a dividend, with cash paid in lieu of fractional shares of Liberty Ventures common stock. Excluded from diluted EPS, for the three and six months ended June 30, 2013, are less than a million potential common shares because their inclusion would be antidilutive.

	Liberty Ventures Common Stock	
	Three months ended June 30, 2013	Six months ended June 30, 2013
	number of shares in millions	
Basic EPS	37	37
Potentially dilutive shares	—	—
Diluted EPS	37	37

(5) Assets and Liabilities Measured at Fair Value

For assets and liabilities required to be reported at fair value, GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs, other than quoted market prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

The Company's assets and liabilities measured at fair value are as follows:

Description	Total	Fair Value Measurements at June 30, 2013 Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		amounts in millions		
Cash equivalents	$ 1,087	1,053	34	—
Short term marketable securities	$ 508	—	508	—
Available-for-sale securities	$ 1,361	869	492	—
Debt	$ 1,879	—	1,879	—

The majority of the Company's Level 2 financial assets and liabilities are debt instruments with quoted market prices that are not considered to be traded on "active markets," as defined in GAAP.

Realized and Unrealized Gains (Losses) on Financial Instruments

Realized and unrealized gains (losses) on financial instruments are comprised of changes in the fair value of the following:

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
	amounts in millions			
Fair Value Option Securities	$ 112	41	336	181
Exchangeable senior debentures	(106)	(35)	(416)	(217)
Other derivatives (a)	3	(166)	16	(142)
	$ 9	(160)	(64)	(178)

(a) In the first quarter of 2012, we entered into a forward contract to sell12 million Expedia, Inc. shares at approximately$34 per share. The derivative contract was in a liability position in the prior year as the stock price of Expedia, Inc. shares had increased since the inception of the derivative contract and resulted in a recognition of unrealized losses on the contract in the prior year.

(6) Investments in Available-for-Sale Securities and Other Cost Investments

All marketable equity and debt securities held by the Company are classified as available-for-sale ("AFS") and are carried at fair value based on quoted market prices. GAAP permits entities to choose to measure many financial instruments, such as AFS securities, and certain other items at fair value and to recognize the changes in fair value of such instruments in the entity's statement of operations (the "fair value option"). In prior years, Liberty entered into economic hedges for certain of its non-strategic AFS securities (although such instruments were not accounted for as fair value hedges by the Company). Changes in the fair value of these economic hedges were reflected in Liberty's statements of operations as unrealized gains (losses). In order to better match the changes in fair value of the subject AFS securities and the changes in fair value of the corresponding economic hedges in the Company's financial statements, Liberty elected the fair value option for those of its AFS securities which it considered to be non-strategic ("Fair Value Option Securities"). Accordingly, changes in the fair value of Fair Value Option Securities, as determined by quoted market prices, are reported in realized and unrealized gains (losses) on financial instruments in the accompanying condensed consolidated statements of operations.

Investments in AFS securities, the majority of which are considered Fair Value Option Securities, and other cost investments are summarized as follows:

	June 30, 2013	December 31, 2012
	amounts in millions	
Interactive Group		
Other cost investments	$ 4	4
Total attributed Interactive Group	4	4
Ventures Group		
Time Warner Inc. (1)	254	1,042
Time Warner Cable Inc.	615	531
AOL Inc. (1)	—	59
TripAdvisor AFS securities	220	99
Other AFS investments	272	84
Total attributed Ventures Group	1,361	1,815
Consolidated Liberty	$ 1,365	1,819

(1) Liberty sold 17.4 million shares of Time Warner Inc. and 2 million shares of AOL Inc. for proceeds of $1,099 million during the six months ended June 30, 2013 in connection with the redemption of the 3.125% Exchangeable Senior Debentures, as discussed in note 9.

(7) Investments in Affiliates Accounted for Using the Equity Method

Liberty has various investments accounted for using the equity method. The following table includes Liberty's carrying amount, fair value, and percentage ownership of the more significant investments in affiliates at June 30, 2013 and the carrying amount at December 31, 2012:

	June 30, 2013			December 31, 2012
	Percentage ownership	Fair value (Level 1)	Carrying amount	Carrying amount
	dollars in millions			
Interactive Group				
HSN, Inc.	37%	$ 1,075	$ 270	242
Other	various	NA	52	62
Total Interactive Group			322	304
Ventures Group				
Expedia, Inc. (1)	17%	1,388	438	431
Other	various	NA	123	116
Total Ventures Group			561	547
Consolidated Liberty			$ 883	851

(1) Liberty's 22% owned consolidated subsidiary TripAdvisor, Inc. earned revenue of approximately $54 million and $115 million for the three and six months ended June 30, 2013, respectively, and $56 million and $107 million for the three and six months ended June 30, 2012, respectively, from Expedia, Inc. (TripAdvisor's former parent).

The following table presents Liberty's share of earnings (losses) of affiliates:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	amounts in millions			
Interactive Group				
HSN, Inc.	$ 11	9	31	24
Other	(7)	(2)	(11)	(4)
Total Interactive Group	4	7	20	20
Ventures Group				
Expedia, Inc.	10	26	(10)	24
TripAdvisor, Inc. (1)	NA	12	NA	23
Other	(7)	(10)	(14)	(21)
Total Ventures Group	3	28	(24)	26
Consolidated Liberty	$ 7	35	(4)	46

(1) On December 11, 2012, we acquired approximately4.8 million additional shares of common stock of TripAdvisor (an additional4% equity ownership interest), for $300 million, and obtained voting control of TripAdvisor. Following the date of this transaction, TripAdvisor is accounted for as a consolidated subsidiary. See note 1 for additional details of this transaction.

Expedia

Summarized unaudited financial information for Expedia is as follows:

Expedia Consolidated Balance Sheets

	June 30, 2013	December 31, 2012
	amounts in millions	
Current assets	$ 3,264	2,615
Property and equipment, net	441	409
Goodwill	3,643	3,016
Intangible assets, net	1,145	821
Other assets	251	224
Total assets	$ 8,744	7,085
Current liabilities	$ 4,211	2,982
Deferred income taxes	461	324
Long-term debt	1,249	1,249
Other liabilities	127	128
Redeemable noncontrolling interests	358	13
Noncontrolling interest	110	109
Equity	2,228	2,280
Total liabilities and equity	$ 8,744	7,085

Expedia Consolidated Statements of Operations

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	amounts in millions			
Revenue	$ 1,205	1,040	2,217	$ 1,856
Cost of revenue	(262)	(230)	(513)	(430)
Gross profit	943	810	1,704	1,426
Selling, general and administrative expenses	(824)	(644)	(1,550)	(1,208)
Amortization	(18)	(9)	(31)	(12)
Restructuring charges and other	(6)	(3)	(134)	(3)
Operating income (loss)	95	154	(11)	203
Interest expense	(21)	(22)	(43)	(43)
Other income (expense), net	14	3	23	2
Income tax (expense) benefit	(25)	(29)	(13)	(34)
Income (loss) from continuing operations	63	106	(44)	128
Earnings (loss) from discontinued operations	—	—	—	(24)
Net earnings (loss)	63	106	(44)	104
Less net earnings (loss) attributable to noncontrolling interests	8	(1)	11	(2)
Net earnings (loss) attributable to Expedia, Inc. shareholders	$ 71	105	(33)	$ 102

(8) Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

	QVC	E-commerce	TripAdvisor	Total
	amounts in millions			
Balance at January 1, 2013	$ 5,349	558	3,649	9,556
Foreign currency translation adjustments	(64)	—	(3)	(67)
Acquisitions (1)	—	(9)	41	32
Balance at June 30, 2013	$ 5,285	549	3,687	9,521

(1)The $41 million increase to TripAdvisor goodwill during the period is primarily attributable to certain acquisitions made by TripAdvisor during the six months ended June 30, 2013 and to a lesser extent certain purchase price allocation adjustments recorded in connection with our acquisition of a controlling interest in TripAdvisor during December 2012.

Intangible Assets Subject to Amortization

Amortization expense for intangible assets with finite useful lives was $196 million and $388 million for the three and six months ended June 30, 2013, respectively, and $109 million and $217 million for the three and six months ended June 30, 2012, respectively. Based on its amortizable intangible assets as of June 30, 2013, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

Remainder of 2013	$	390
2014	$	706
2015	$	611
2016	$	490
2017	$	348

(9) Long-Term Debt

Debt is summarized as follows:

	Outstanding principal at June 30, 2013	Carrying value June 30, 2013	Carrying value December 31, 2012
	amounts in millions		
Interactive Group			
5.7% Senior Notes due May 2013	$ —	—	240
8.5% Senior Debentures due 2029	287	285	285
8.25% Senior Debentures due 2030	505	501	501
QVC 7.125% Senior Secured Notes due 2017	—	—	500
QVC 7.5% Senior Secured Notes due 2019	769	760	988
QVC 7.375% Senior Secured Notes due 2020	500	500	500
QVC 5.125% Senior Secured Notes due 2022	500	500	500
QVC 4.375% Senior Secured Notes due 2023	750	750	—
QVC 5.95% Senior Secured Notes due 2043	300	300	—
QVC Bank Credit Facilities	990	990	903
Other subsidiary debt	138	138	125
Total Interactive Group	4,739	4,724	4,542
Ventures Group			
3.125% Exchangeable Senior Debentures due 2023	—	—	1,639
4% Exchangeable Senior Debentures due 2029	469	318	311
3.75% Exchangeable Senior Debentures due 2030	460	313	297
3.5% Exchangeable Senior Debentures due 2031	367	310	292
3.25% Exchangeable Senior Debentures due 2031	—	—	391
0.75% Exchangeable Senior Debentures due 2043	850	938	—
TripAdvisor Debt Facilities	385	385	412
Total Ventures Group debt	2,531	2,264	3,342
Total consolidated Liberty debt	$ 7,270	6,988	7,884
Less current maturities		(1,029)	(1,638)
Total long-term debt		$ 5,959	6,246

QVC Bank Credit Facilities

On March 1, 2013, QVC entered into an amended and restated syndicated senior secured credit agreement which served to refinance QVC's existing bank credit facility (the “Amended and Restated Credit Agreement”). The Amended and Restated Credit Agreement is a multi-currency facility providing for a $2 billion revolving credit facility, with a $250 million sub-limit for standby letters of credit and $1 billion of uncommitted incremental revolving loan commitments or incremental term loans. The loans are scheduled to mature on March 1, 2018. The covenants contained in the Amended and Restated Credit Agreement are substantially similar to those contained in QVC's previously existing bank credit facility. Borrowings under the Amended and Restated Credit Agreement bear interest at either the alternate base rate or LIBOR (based on an interest period selected by QVC of one week, one month, two months, three months or six months, or to the extent available from all lenders, nine months or twelve months) at QVC's election in each case plus a margin. Borrowings that are alternate base rate loans will bear interest at a per annum rate equal to the base rate plus a margin that varies between 0.25% and 1.00% depending on QVC's ratio of consolidated total debt to consolidated Adjusted OIBDA (the "consolidated leverage ratio"). Borrowings that are LIBOR loans will bear interest at a per annum rate equal to the applicable LIBOR plus a margin that varies between 1.25% and 2.00% depending on QVC's consolidated leverage ratio. Each loan may be prepaid at any time and from time to time without penalty other than customary breakage costs. Any amounts prepaid on the revolving facility may be reborrowed. The Amended and Restated Credit Agreement is secured by the stock of QVC. Availability under the QVC Amended and Restated Credit Agreement at June 30, 2013 was $1,010 million. QVC was in compliance with all debt covenants related to the Amended and Restated Credit Agreement at June 30, 2013.

QVC Senior Secured Notes

On March 4, 2013, QVC announced the commencement of cash tender offers (the "Offers") for any and all of its outstanding $500 million in aggregate principal amount of 7.125% senior secured notes due 2017 (the "7.125% Senior Notes") and up to $250 million in aggregate principal amount of its 7.5% senior secured notes due 2019 (the "7.5% Senior Notes"). The Offer for the 7.125% Senior Notes expired on March 15, 2013, and the Offer for the 7.5% Senior Notes expired on April 1, 2013. Approximately $124 million of the 7.125% Senior Notes were tendered pursuant to the Offers, whereby holders of the 7.125% Senior Notes received consideration of $1,039.40 for each $1,000 principal amount of tendered 7.125% Senior Notes purchased pursuant to the Offers. QVC called the remaining $376 million principal of its 7.125% Senior Notes at $1,035.63 for each $1,000 principal amount of 7.125% Senior Notes on April 17, 2013. Approximately $231 million of the 7.5% Senior Notes were tendered pursuant to the Offers. The total consideration for the 7.5% Senior Notes was $1,120 for each $1,000 principal amount of tendered 7.5% Senior Notes.

On March 18, 2013, QVC completed the offering of $750 million principal amount of new 4.375% senior secured notes due 2023 and $300 million principal amount of new 5.95% senior secured notes due 2043 (collectively, the "Notes"). The Notes are secured by a first-priority lien on QVC's capital stock, pari passu with the Amended and Restated Credit Agreement and QVC's existing notes. The net proceeds from the offering of the Notes were used to fund the Offers, repay outstanding amounts on QVC's existing bank credit facility and, via dividend from QVC, retire Liberty's 5.7% Senior Notes due May 2013, and for general corporate purposes.

As a result of these refinancing transactions, QVC recorded extinguishment losses of $16 million and $57 million for the three and six months ended June 30, 2013, respectively, which is recorded in other, net in the Company's statements of operations.

QVC was in compliance with all of its debt covenants related to its outstanding senior notes at June 30, 2013.

QVC Interest Rate Swap Arrangements

In March 2013, QVC's notional interest rate swaps of $3.1 billion expired. These swap arrangements did not qualify as cash flow hedges under GAAP. Accordingly, changes in the fair value of the swaps were reflected in realized and unrealized gains or losses on financial instruments in the accompanying condensed consolidated statements of operations.

Exchangeable Senior Debentures

During the six months ended June 30, 2013, Liberty retired all outstanding 3.25% Exchangeable Senior Debentures due 2031. Liberty paid approximately $414 million to retire the outstanding principal balance.

On April 9, 2013, Liberty's wholly owned subsidiary, Liberty Interactive LLC, called for the redemption of all the outstanding 3.125% Exchangeable Senior Debentures due 2023 ("3.125% Exchangeable Senior Debentures") on May 9, 2013 (the "redemption date"). In accordance with the redemption provisions of the 3.125% Exchangeable Senior Debentures and the related indenture, the 3.125% Exchangeable Senior Debentures were redeemed at a redemption price of approximately $1,667 for each $1,000 principal amount outstanding, which was equal to the sum of (i) the adjusted principal amount of such debenture in effect on the redemption date, (ii) any accrued and unpaid interest on such debenture to the redemption date and (iii) subject to certain conditions, any final period distribution on such debenture. Interest on the debentures ceased accruing on and after the redemption date. Liberty had the option to satisfy the value of the exchange in cash, Time Warner Inc., Time Warner Cable Inc. and AOL, Inc. common stock, or a combination thereof. All of the outstanding 3.125% Exchangeable Senior Debentures were redeemed prior to June 30, 2013, using cash provided by the Debentures (defined below) and cash provided by the sale of shares of Time Warner Inc. and AOL, Inc. common stock.

Also on April 9, 2013, Liberty Interactive LLC, a wholly owned subsidiary Liberty, completed the offer and sale of $850 million aggregate original principal amount of Liberty Interactive LLC's 0.75% Exchangeable Senior Debentures due 2043 (the "Debentures") in a private placement transaction. The Debentures mature on March 30, 2043. Interest on the Debentures will accrue from April 9, 2013 at an annual rate of 0.75% of the original principal amount of $1,000 per Debenture, payable quarterly in arrears on March 30, June 30, September 30 and December 30 of each year, commencing June 30, 2013. Each $1,000 original principal amount of Debentures is initially exchangeable for a basket of 6.3040 shares of common stock of Time Warner Cable Inc. and 5.1635 shares of common stock of Time Warner Inc., which may change over time to include other publicly traded common equity securities that may be distributed on or in respect of those shares of Time Warner Cable Inc. and Time Warner Inc. (or into which any of those securities may be converted or exchanged). This basket of shares for which each Debenture in the original principal amount of $1,000 may be exchanged is referred to as the Reference Shares attributable to such Debenture, and to each issuer of Reference Shares as a Reference Company. Each Debenture is exchangeable at the option of the holder at any time, upon which they will be entitled to receive the Reference Shares attributable to such Debenture or, at the election of Liberty Interactive LLC, cash or a combination of Reference Shares and cash having a value equal to such Reference Shares. Upon exchange, holders will not be entitled to any cash payment representing accrued interest or outstanding additional distributions. Liberty has elected to account for this instrument using the fair value option. Accordingly, changes in the fair value of this instrument are recognized as realized and unrealized gains (losses) in the statements of operations.

Other Subsidiary Debt

Other subsidiary debt at June 30, 2013 is comprised of capitalized satellite transponder lease obligations and bank debt of certain subsidiaries.

Fair Value of Debt

Liberty estimates the fair value of its debt based on the quoted market prices for the same or similar issues or on the current rate offered to Liberty for debt of the same remaining maturities (Level 2). The fair value of Liberty's publicly traded debt securities that are not reported at fair value in the accompanying condensed consolidated balance sheet at June 30, 2013 is as follows (amounts in millions):

Senior debentures	$	835
QVC senior secured notes	$	2,854

Due to the variable rate nature, Liberty believes that the carrying amount of its other debt, not discussed above, approximated fair value at June 30, 2013.

(10) Stockholders' Equity

As of June 30, 2013, Liberty reserved for issuance upon exercise of outstanding stock options approximately35.2 million shares of Series A Liberty Interactive common stock, 432,000 shares of Series B Liberty Interactive common stock, 1.1 million shares of Series A Liberty Ventures common stock and 22,000 shares of Series B Liberty Ventures common stock.

In addition to the Series A and Series B Liberty Interactive and Liberty Ventures common stock there are 4 billion shares of Series C Liberty Interactive and 200 million shares of Series C Liberty Ventures common stock authorized for issuance. As of June 30, 2013, no shares of any Series C Liberty Interactive and Liberty Ventures common stock were issued or outstanding.

(11) Commitments and Contingencies

Litigation

Liberty has contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible Liberty may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying condensed consolidated financial statements.

(12) Information About Liberty's Operating Segments

Liberty, through its ownership interests in subsidiaries and other companies, is primarily engaged in the video and on-line commerce industries. Liberty identifies its reportable segments as (A) those consolidated subsidiaries that represent 10% or more of its consolidated annual revenue, annual Adjusted OIBDA or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of Liberty's annual pre-tax earnings. The segment presentation for prior periods has been conformed to the current period segment presentation.

Liberty evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as revenue, Adjusted OIBDA, gross margin, average sales price per unit, number of units shipped and revenue or sales per customer equivalent. In addition, Liberty reviews nonfinancial measures such as unique website visitors, conversion rates and active customers, as appropriate.

Liberty defines Adjusted OIBDA as revenue less cost of sales, operating expenses, and selling, general and administrative expenses excluding all stock-based compensation. Liberty believes this measure is an important indicator of the operational strength and performance of its businesses, including each business's 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. This measure of performance excludes depreciation and amortization, stock-based compensation and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. Liberty generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current prices.

For the six months ended June 30, 2013, Liberty has identified the following consolidated subsidiaries as its reportable segments:

- QVC - consolidated subsidiary that markets and sells a wide variety of consumer products in the United States and several foreign countries, primarily by means of its televised shopping programs and via the Internet through its domestic and international websites and mobile applications.

- TripAdvisor, Inc. - a consolidated subsidiary that is an online travel research company that empowers users to plan and maximize their travel experience.

Additionally, for presentation purposes, Liberty is providing financial information of the E-commerce businesses on an aggregated basis. The consolidated E-commerce businesses do not contribute significantly to the overall operations of Liberty on an individual basis; however, Liberty believes that on an aggregated basis they provide relevant information for users of these financial statements. While these businesses may not meet the aggregation criteria under relevant accounting literature Liberty believes the information is relevant and helpful for a more complete understanding of the consolidated results.

- E-commerce - the aggregation of certain consolidated subsidiaries that market and sell a wide variety of consumer products via the Internet. Categories of consumer products include perishable and personal gift offerings (Provide Commerce, Inc.), active lifestyle gear and clothing (Backcountry.com, Inc.), fitness and health goods (Bodybuilding.com, LLC), celebration offerings from invitations to costumes (Celebrate Interactive Holdings LLC) and a drop-ship solutions company (CommerceHub).

Liberty's operating segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technologies, distribution channels and marketing strategies. The accounting policies of the segments that are also consolidated subsidiaries are the same as those described in the Company's summary of significant accounting policies in the annual report on Form 10-K.

Performance Measures

	Six months ended June 30,			
	2013		2012	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
Interactive Group				
QVC	$ 3,935	838	3,906	828
E-commerce	899	65	773	57
Corporate and other	—	(11)	—	(11)
Total Interactive Group	4,834	892	4,679	874
Ventures Group				
TripAdvisor, Inc.	477	222	—	—
Corporate and other	—	(6)	—	(1)
Total Ventures Group	477	216	—	(1)
Consolidated Liberty	$ 5,311	1,108	4,679	873

	Three months ended June 30,			
	2013		2012	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
Interactive Group				
QVC	$ 1,961	434	1,974	438
E-commerce	439	26	391	23
Corporate and other	—	(5)	—	(6)
Total Interactive Group	2,400	455	2,365	455
Ventures Group				
TripAdvisor, Inc.	247	113	—	—
Corporate and other	—	(3)	—	—
Total Ventures Group	247	110	—	—
Consolidated Liberty	$ 2,647	565	2,365	455

Other Information

	June 30, 2013		
	Total assets	Investments in affiliates	Capital expenditures
	amounts in millions		
Interactive Group			
QVC	$ 12,674	52	75
E-commerce	1,464	—	36
Corporate and other	221	270	—
Total Interactive Group	14,359	322	111
Ventures Group			
TripAdvisor	7,404	—	25
Corporate and other	2,673	561	—
Total Ventures Group	10,077	561	25
Inter-group eliminations	(151)	—	—
Consolidated Liberty	$ 24,285	883	136

The following table provides a reconciliation of segment Adjusted OIBDA to earnings (loss) from continuing operations before income taxes:

	Three months ended June 30, 2013		Six months ended June 30,	
	2013	2012	2013	2012
	amounts in millions			
Consolidated segment Adjusted OIBDA	$ 565	455	1,108	873
Stock-based compensation	(44)	(18)	(86)	(35)
Depreciation and amortization	(237)	(147)	(467)	(290)
Interest expense	(90)	(107)	(201)	(213)
Share of earnings (loss) of affiliates, net	7	35	(4)	46
Realized and unrealized gains (losses) on financial instruments, net	9	(160)	(64)	(178)
Gains (losses) on dispositions, net	(2)	288	(2)	288
Other, net	(15)	30	(53)	33
Earnings (loss) before income taxes	$ 193	376	231	524

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, product and marketing strategies; new service offerings; revenue growth at QVC, Inc. ("QVC"); the recoverability of our goodwill and other long-lived assets; our projected sources and uses of cash; and the anticipated non-material impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- customer demand for our products and services and our ability to adapt to changes in demand;
- competitor responses to our products and services;
- the levels of online traffic to our businesses' websites and our ability to convert visitors into customers or contributors;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our future financial performance, including availability, terms and deployment of capital;
- our ability to successfully integrate and recognize anticipated efficiencies and benefits from the businesses we acquire;
- the ability of suppliers and vendors to deliver products, equipment, software and services;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners, distributors, suppliers and vendors;
- general economic and business conditions and industry trends;
- consumer spending levels, including the availability and amount of individual consumer debt;
- advertising spending levels;
- changes in distribution and viewing of television programming, including the expanded deployment of personal video recorders, video on demand and IP television and their impact on home shopping programs;
- increased digital TV penetration and the impact on channel positioning of our networks;
- rapid technological changes;
- if we fail to protect the security of personal information about our customers we could be subject to costly government enforcement actions or private litigation and our reputation could suffer;
- the regulatory and competitive environment of the industries in which we operate;
- threatened terrorist attacks and ongoing military action in the Middle East and other parts of the world; and
- fluctuations in foreign currency exchange rates and political unrest in international markets.

For additional risk factors, please see Part I, Item 1 of the Annual Report on Form 10-K for the year ended December 31, 2012. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto and our Annual Report on Form 10-K for the year ended December 31, 2012.

Overview

We own controlling and non-controlling interests in a broad range of video and on-line commerce companies. Our largest business, which is also our principal reportable segment, is QVC, Inc. ("QVC"). QVC markets and sells a wide variety of consumer products in the United States and several foreign countries, primarily by means of its televised shopping programs and via the Internet through its domestic and international websites and mobile applications. We also own a controlling interest in TripAdvisor, Inc. ("TripAdvisor"), a separate reportable segment, which is an online travel company that empowers users to plan and maximize their travel experience by aggregating reviews and opinions of members about destinations, accommodations, restaurants and activities throughout the world. Additionally, we own entire or majority interests in consolidated subsidiaries which operate on-line commerce businesses in a broad range of retail categories. The more significant of these include Backcountry.com, Inc. ("Backcountry"), Bodybuilding.com, LLC ("Bodybuilding"), Celebrate Interactive Holdings, LLC ("Celebrate"), Provide Commerce, Inc. ("Provide") and CommerceHub. Backcountry operates websites offering sports gear and clothing for outdoor and active individuals in a variety of categories. Bodybuilding manages websites related to sports nutrition, body building and fitness. Celebrate operates websites that offer costumes, accessories, décor, party supplies and invitations. Provide operates an e-commerce marketplace of websites for perishable goods, including flowers, fruits and desserts, as well as upscale personalized gifts. CommerceHub operates a a drop-ship solution which allows different software systems from both sides of the transaction to more easily access the data necessary to fulfill orders.

Our "Corporate and Other" category includes our corporate ownership interests in other unconsolidated businesses and corporate expenses. We hold ownership interests in Expedia, Inc., HSN, Inc., Interval Leisure Group, Inc. and Tree.com, Inc. which we account for as equity method investments; and we continue to maintain investments and related financial instruments in public companies such as Time Warner Inc., Time Warner Cable Inc. and AOL, Inc., which are accounted for at their respective fair market values and are included in "Corporate and Other."

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

The term "Ventures Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. The Ventures Group is comprised primarily of our consolidated subsidiary TripAdvisor and interests in Expedia, Inc., Interval Leisure Group, Inc., Tree.com, Inc., investments in Time Warner Inc., Time Warner Cable Inc. and AOL, Inc., as well as cash in the amount of approximately $857 million (at June 30, 2013). The Ventures Group also has attributed to it certain liabilities related to our Exchangeable Debentures and certain deferred tax liabilities. The Ventures Group is primarily focused on the maximization of the value of these investments and investing in new business opportunities.

The term "Interactive Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. The Interactive Group is primarily focused on our video and e-commerce operating businesses and has attributed to it the remainder of our businesses and assets, including our operating subsidiaries QVC, Provide, Backcountry, Bodybuilding, Celebrate and CommerceHub as well as our interest in HSN, Inc. and cash of approximately $591 million (at June 30, 2013), including subsidiary cash. The Interactive Group has attributed to it liabilities that reside with QVC and the other entities listed as well as our outstanding senior notes and certain deferred tax liabilities.

Results of Operations—Consolidated

General. We provide in the tables below information regarding our Consolidated Operating Results and Other Income and Expense, as well as information regarding the contribution to those items from our reportable segments and our E-commerce businesses. The "corporate and other" category consists of those assets or businesses which we do not disclose separately. For a more detailed discussion and analysis of the financial results of the principal reporting segments, see "Results of Operations—Businesses" below.

Operating Results

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	amounts in millions			
Revenue				
Interactive Group				
QVC	$ 1,961	1,974	3,935	3,906
E-commerce	439	391	899	773
Total Interactive Group	2,400	2,365	4,834	4,679
Ventures Group				
TripAdvisor	247	—	477	—
Corporate and other	—	—	—	—
Total Ventures Group	247	—	477	—
Consolidated Liberty	$ 2,647	2,365	5,311	4,679
Adjusted OIBDA				
Interactive Group				
QVC	$ 434	438	838	828
E-commerce	26	23	65	57
Corporate and other	(5)	(6)	(11)	(11)
Total Interactive Group	455	455	892	874
Ventures Group				
TripAdvisor	113	—	222	—
Corporate and other	(3)	—	(6)	(1)
Total Ventures Group	110	—	216	(1)
Consolidated Liberty	$ 565	455	1,108	873
Operating Income (Loss)				
Interactive Group				
QVC	$ 285	301	545	559
E-commerce	(2)	(1)	17	14
Corporate and other	(15)	(10)	(34)	(24)
Total Interactive Group	268	290	528	549
Ventures Group				
TripAdvisor	22	—	37	—
Corporate and other	(6)	—	(10)	(1)
Total Ventures Group	16	—	27	(1)
Consolidated Liberty	$ 284	290	555	548

Revenue. Our consolidated revenue increased 11.9% or $282 million and increased 13.5% or $632 million for the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in the prior year. The three month increase was primarily due to the inclusion of TripAdvisor results in the current period ($247 million) and increased revenue at the E-commerce companies ($48 million), partially offset by a decline in QVC revenue of $13 million. The six month increase was primarily due to the inclusion of TripAdvisor results in the current period

($477 million) and increased revenue at QVC ($29 million) and the E-commerce companies ($126 million). See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of certain of our subsidiaries.

Adjusted OIBDA. We define Adjusted OIBDA as revenue less cost of sales, operating expenses and selling, general and administrative ("SG&A") expenses excluding all stock-based compensation. Our chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our businesses and make decisions about allocating resources among our businesses. We believe this is an important indicator of the operational strength and performance of our businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes such costs as depreciation and amortization, stock-based compensation and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. See note 12 to the accompanying condensed consolidated financial statements for a reconciliation of Adjusted OIBDA to Earnings (loss) from continuing operations before income taxes.

Consolidated Adjusted OIBDA increased 24.2% or $110 million and increased 26.9% or $235 million for the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in the prior year. The overall Adjusted OIBDA growth for the three and six months ended June 30, 2013 was primarily due to the inclusion of $113 million and $222 million results from TripAdvisor for the three and six months ended June 30, 2013, respectively, and improvements in the E-commerce results of $3 million and $8 million for the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in the prior year. QVC results declined $4 million for the three months ended June 30, 2013 as compared to the corresponding period in the prior year. However, QVC results have improved $10 million, for six months ended June 30, 2013, as compared to the corresponding period in the prior year. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of certain of our subsidiaries.

Stock-based compensation. Stock-based compensation includes compensation related to (1) options and stock appreciation rights ("SARs") for shares of our common stock that are granted to certain of our officers and employees, (2) phantom stock appreciation rights ("PSARs") granted to officers and employees of certain of our subsidiaries pursuant to private equity plans and (3) amortization of restricted stock grants.

We recorded $86 million and $35 million of stock-based compensation expense for the six month periods ended June 30, 2013 and 2012, respectively. The increase is primarily a result of the inclusion of $30 million TripAdvisor stock-based compensation during the current period, an increase in corporate stock-based compensation expense of $14 million, and a $6 million increase in QVC stock-based compensation from the same period in the prior year, primarily due to a one-time option exchange for certain officers in December 2012, which increased the amortization of deferred stock compensation.

As of June 30, 2013, the total unrecognized compensation cost related to unvested Liberty equity awards was approximately $143 million. Such amount will be recognized in our consolidated statements of operations over a weighted average period of approximately 2.1 years. Additionally, as of June 30, 2013, the total unrecognized compensation cost related to unvested TripAdvisor stock options was approximately $90 million and will be recognized over a weighted average period of approximately 2.9 years.

Operating income. Our consolidated operating income decreased 2.1% or $6 million and increased 1.3% or $7 million for the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in the prior year. The overall increase in operating income for the six months ended June 30, 2013 was due to the inclusion of TripAdvisor during the period partially offset by the decline in operating income at QVC and Corporate and other. The decrease in operating income for the three months ended June 30, 2013 was due to the decline in operating income at Corporate and other partially offset by the inclusion of TripAdvisor during the period. The decline in operating results for our operating subsidiaries were attributable to decreased revenue, as described above and in further detail in the "Results of Operations—Businesses," and an increase in stock-based compensation and depreciation and amortization during the period. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of certain of our subsidiaries.

Other Income and Expense

Components of Other income (expense) are presented in the table below.

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	amounts in millions			
Interest expense				
Interactive Group	$ (70)	(80)	(154)	(157)
Ventures Group	(20)	(27)	(47)	(56)
Consolidated Liberty	$ (90)	(107)	(201)	(213)
Share of earnings (losses) of affiliates				
Interactive Group	$ 4	7	20	20
Ventures Group	3	28	(24)	26
Consolidated Liberty	$ 7	35	(4)	46
Realized and unrealized gains (losses) on financial instruments, net				
Interactive Group	$ 4	11	17	25
Ventures Group	5	(171)	(81)	(203)
Consolidated Liberty	$ 9	(160)	(64)	(178)
Gains (losses) on transactions, net				
Interactive Group	$ (1)	—	(1)	—
Ventures Group	(1)	288	(1)	288
Consolidated Liberty	$ (2)	288	(2)	288
Other, net				
Interactive Group	$ (14)	(7)	(54)	(4)
Ventures Group	(1)	37	1	37
Consolidated Liberty	$ (15)	30	(53)	33
Consolidated Liberty other income (expense)	$ (91)	86	(324)	(24)

Interest expense. Interest expense decreased for the six months endedJune 30, 2013, as compared to the corresponding prior year period. Approximately $8 million of interest expense during the six months ended June 30, 2013 was attributable to TripAdvisor. The decrease in the Ventures Group interest expense, excluding TripAdvisor, is attributable to lower average borrowings on the exchangeable senior debentures during the current period as compared to the corresponding period in the prior year. The slight decrease in interest expense at the Interactive Group is primarily attributable to the retirement of the 5.7% Senior Notes during 2013, partially offset by higher average borrowings at QVC during the current period as compared to the corresponding period in the prior year, at lower average interest rates than borrowings outstanding during the prior year.

Share of earnings (losses) of affiliates. The following table presents our share of earnings (losses) of affiliates:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	amounts in millions			
Interactive Group				
HSN, Inc.	$ 11	9	31	24
Other	(7)	(2)	(11)	(4)
Total Interactive Group	4	7	20	20
Ventures Group				
Expedia, Inc.	10	26	(10)	24
TripAdvisor, Inc.	NA	12	NA	23
Other	(7)	(10)	(14)	(21)
Total Ventures Group	3	28	(24)	26
Consolidated Liberty	$ 7	35	(4)	46

On December 11, 2012, we acquired approximately 4.8 million additional shares of common stock of TripAdvisor (an additional 4% equity ownership interest), for $300 million, and obtained voting control of TripAdvisor. Following the date of this transaction, TripAdvisor is accounted for as a consolidated subsidiary. The decrease in our share of earnings from Expedia was due to increased industry competition and increased sales and marketing costs during the three and six months ended June 30, 2013 and legal reserves and acquisition costs incurred in the three months ended March 31, 2013.

The share of loss in the other category of the Ventures Group, in both periods, is primarily related to our investment in alternative energy solution entities. These entities typically operate at a loss and because we account for these investments as equity method affiliates we record our share of such losses. We note these entities typically have favorable tax attributes and credits which are recorded in our tax accounts.

Realized and unrealized gains (losses) on financial instruments. Realized and unrealized gains (losses) on financial instruments are comprised of changes in the fair value of the following:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	amounts in millions			
Fair Value Option Securities	$ 112	41	336	181
Exchangeable senior debentures	(106)	(35)	(416)	(217)
Other derivatives	3	(166)	16	(142)
	$ 9	(160)	(64)	(178)

The changes in realized and unrealized gains (losses) on financial instruments is due to market activity through the period on the various financial instruments that are marked to market on a periodic basis. In the first quarter of 2012, we entered into a forward contract to sell 12 million Expedia, Inc. shares at approximately $34 per share. The derivative contract was in a liability position in the prior period as the stock price of Expedia, Inc. shares had increased since the inception of the derivative contract and resulted in a recognition of unrealized losses on the contract in the prior period.

Gains (losses) on dispositions, net. In May 2012, Liberty sold approximately 8.5 million shares of TripAdvisor, Inc. for cash proceeds of $338 million. The sale resulted in a $288 million gain recorded in gain (losses) on dispositions, net in the statement of operations.

Other, net. QVC retired approximately $731 million of its senior secured notes during the six months ended June 30, 2013. The notes were redeemed at a premium which resulted in an approximate $57 million loss on the extinguishment of such instruments, primarily due to premiums paid for the redemptions.

Income taxes. We had an income tax expense of $43 million and $28 million for the three and six months ended June 30, 2013, respectively. Tax expense was lower than the U.S. statutory tax rate of 35% primarily due to tax credits generated by our alternative energy investments and earnings in foreign jurisdictions subject to tax rates lower than the U.S. statutory tax rate.

Net earnings. We had net earnings of $150 million and $249 million for the three month periods ended June 30, 2013 and 2012, respectively, and net earnings of $203 million and $354 million for the six month periods ended June 30, 2013 and 2012, respectively. The change in net earnings was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Material Changes in Financial Condition

While the Interactive Group and the Ventures Group are not separate legal entities and the assets and liabilities attributed to each group remain assets and liabilities of our consolidated company, we manage the liquidity and financial resources of each group separately. Keeping in mind that assets of one group may be used to satisfy liabilities of the other group, the following discussion assumes, consistent with management expectations, that future liquidity needs of each group will be funded by the financial resources attributed to each respective group.

As of June 30, 2013, substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, other government securities or government guaranteed funds, AAA rated money market funds and other highly rated financial and corporate debt instruments.

The following are potential sources of liquidity: available cash balances, cash generated by the operating activities of our privately-owned subsidiaries (to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted), proceeds from asset sales, monetization of our public investment portfolio, debt (including availability under the QVC Bank Credit Facility) and equity issuances, and dividend and interest receipts.

During the quarter there have been no significant changes to our corporate or subsidiary debt credit ratings.

As of June 30, 2013, Liberty had a cash balance of $1,448 million, $391 million of cash was held by foreign subsidiaries, and additional sources of liquidity of $1,361 million of Fair Value Option securities. To the extent that the Company recognizes any taxable gains from the sale of assets we may incur tax expense and be required to make tax payments, thereby reducing any cash proceeds. We have borrowing capacity of $1,010 million under the QVC credit facility at June 30, 2013. The Company has a controlling interest in TripAdvisor which has significant operating cash flows, although due to TripAdvisor being a separate public company and the significant noncontrolling interest, we do not have ready access to such cash flows. As of June 30, 2013, TripAdvisor had a cash balance of $200 million.

Additionally, our operating businesses have provided, on average, more than $1 billion in annual cash provided by operating activities over the prior three years and we do not anticipate any significant reductions in that amount in future periods.

	Six months ended June 30,	
	2013	**2012**
Cash Flow Information	**amounts in millions**	
Net cash provided (used) by operating activities	$ 446	730
Net cash provided (used) by investing activities	$ 235	95
Net cash provided (used) by financing activities	$ (1,864)	(870)

During the six months ended June 30, 2013, Liberty's primary uses of cash were $4,397 million of repayments on outstanding debt, net purchases of short term and other marketable securities of $672 million and $499 million of Series A Liberty Interactive common stock repurchases. These activities were funded primarily from borrowings of $3,094 million, cash from the sale of investments of $1,136 million, cash provided by operating activities and cash on hand.

The projected uses of Liberty cash are the continued capital improvement spending of approximately $250 million in capital expenditures for the remainder of the year, approximately $150 million for interest payments on outstanding debt, the potential buyback of common stock under the approved share buyback program (subsequent to quarter end we made additional repurchases of approximately 2.2 million shares of Series A Liberty Interactive common stock for $52 million through July 31, 2013) and additional investments in existing or new businesses. We also may be required to make net payments of income tax liabilities to settle items under discussion with tax authorities. We expect that cash on hand and cash provided by operating activities and borrowing capacity, in future periods will be sufficient to fund projected uses of cash.

Results of Operations—Businesses

QVC. QVC, Inc. is a retailer of a wide range of consumer products, which are marketed and sold primarily by merchandise-focused televised shopping programs, the Internet and mobile applications. In the United States, QVC's live programming is distributed via its nationally televised shopping program 24 hours a day, 364 days per year ("QVC-U.S."). Internationally, QVC's program services are based in Japan ("QVC-Japan"), Germany ("QVC-Germany"), the United Kingdom ("QVC-U.K.") and Italy ("QVC-Italy"). QVC-Japan distributes live programming 24 hours a day, QVC-Germany distributes its program 24 hours a day with 23 hours of live programming and QVC-U.K. distributes its program 24 hours a day with 17 hours of live programming. QVC-Italy distributes programming live for 17 hours a day on satellite and digital terrestrial television and an additional seven hours a day of recorded programming on satellite and seven hours a day of general interest programming on digital terrestrial television.

QVC's operating results were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	amounts in millions			
Net revenue	$ 1,961	1,974	3,935	3,906
Costs of goods sold	1,227	1,234	2,479	2,464
Gross profit	734	740	1,456	1,442
Operating expenses:				
Operating	171	176	344	351
SG&A expenses (excluding stock-based compensation)	129	126	274	263
Adjusted OIBDA	434	438	838	828
Stock-based compensation	9	8	19	13
Depreciation	33	33	63	64
Amortization of intangible assets	107	96	211	192
Operating income	$ 285	301	545	559

Net revenue was generated in the following geographical areas:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	amounts in millions			
QVC-U.S.	$ 1,312	1,280	2,609	2,520
QVC-Japan	260	310	516	599
QVC-Germany	207	210	457	457
QVC-U.K.	153	156	293	296
QVC-Italy	29	18	60	34
Consolidated QVC	$ 1,961	1,974	3,935	3,906

QVC's consolidated net revenue decreased 0.7% and increased 0.7% during the three and six month periods ended June 30, 2013, respectively, as compared to the corresponding periods in the prior year. The three month decrease in net revenue was primarily comprised of $60 million in unfavorable foreign currency rates primarily in Japan, and to a lesser extent, in the U.K., which were partially offset by favorable foreign currency rates in Germany and Italy. Additionally, net revenue was also negatively impacted by $24 million due to an increase in estimated product returns, primarily in Japan and Germany, due in part to a greater mix of apparel products that return at higher rates. These amounts were partially offset by $38 million due to a 1.7% increase in average selling price per unit (“ASP”) and $36 million due to a 1.6% increase in units sold. The six month increase in net revenue was primarily comprised of $132 million due to a 3.0% increase in ASP and $49 million due to a 1.1% increase in units sold. These amounts were partially offset by $103 million in unfavorable foreign currency rates primarily in Japan, and to a lesser extent, in the U.K., which were partially offset by favorable foreign currency rates in Germany and Italy. Additionally, net revenue was also negatively impacted by $45 million due to an increase in estimated product returns, primarily in Japan and Germany, due in part to a greater mix of apparel products that return at higher rates.

During the three and six month periods ended June 30, 2013, the changes in revenue and expenses were affected by changes in the exchange rates for the Japanese Yen, the Euro and the U.K. Pound Sterling. In the event the U.S. Dollar strengthens against these foreign currencies in the future, QVC's revenue and operating cash flow will be negatively affected.

The percentage increase (decrease) in net revenue for each of QVC's geographic areas in U.S. Dollars and in local currency was as follows:

	Three months ended June 30, 2013		Six months ended June 30, 2013	
	U.S. Dollars	**Local currency**	**U.S. Dollars**	**Local currency**
QVC-U.S.	2.5 %	2.5 %	3.5 %	3.5 %
QVC-Japan	(16.1)%	3.1 %	(13.9)%	3.2 %
QVC-Germany	(1.4)%	(3.2)%	— %	(1.1)%
QVC-U.K.	(1.9)%	1.5 %	(1.0)%	1.4 %
QVC-Italy	61.1 %	58.8 %	76.5 %	72.8 %

QVC-U.S.' growth in net revenue for the three months ended June 30, 2013 was primarily due to a 2.8% increase in ASP, partially offset by a 0.9% decrease in units shipped. QVC-U.S.' shipped sales increased mainly due to growth in the beauty and home categories. QVC-U.S.' growth in net revenue for the six months ended June 30, 2013 was primarily due to a 4.5% increase in ASP, partially offset by a 1.1% decrease in units shipped. QVC-U.S.' shipped sales increased mainly due to growth in the beauty and electronics categories. For the three and six month periods ended June 30, 2013, QVC-Japan's shipped sales growth in local currency was primarily related to the apparel category, which was somewhat offset by an increase in estimated product returns. For the three and six month periods ended June 30, 2013, QVC-Germany's shipped sales in local currency increased mainly due to greater apparel and accessories sales, which was more than offset by an increase in estimated product returns, primarily in apparel, but also across other categories. For the three and six month periods ended June 30, 2013, QVC-U.K.'s shipped sales growth in local currency was primarily related to the home and beauty categories. For the three and six month periods ended June 30, 2013, QVC-Italy's sales consisted primarily of cooking and dining, beauty and apparel products.

QVC's televised shopping program is already received by substantially all the multichannel television households in the U.S., Germany and the U.K. QVC's future net revenue growth will primarily depend on international expansion, sales growth from e-commerce and mobile platforms, additions of new customers from households already receiving QVC's television programming and growth in sales to existing customers and new customers as a result of expansion of the programming reach of QVC-Japan and QVC-Italy. QVC's future net revenue may also be affected by (i) the willingness of cable television and direct-to-home satellite system operators to continue carrying QVC's programming service; (ii) QVC's ability to maintain favorable channel positioning, which may become more difficult due to governmental action or from distributors converting analog customers to digital; (iii) changes in television viewing habits because of personal video recorders, video-on-demand and internet video services; and (iv) general economic conditions.

QVC's gross profit percentage was 37.4% and 37.0% for the three and six month periods ended June 30, 2013, respectively, compared to 37.5% and 36.9% for the three and six month periods ended June 30, 2012, respectively. The gross profit percentages remained relatively consistent for both periods presented compared to the prior year.

QVC's operating expenses are principally comprised of commissions, order processing and customer service expenses, credit card processing fees, telecommunications expenses and production costs. Operating expenses decreased $5 million or 2.8% and $7 million or 2.0% for the three and six month periods ended June 30, 2013, respectively, as compared to the corresponding periods in the prior year. For the three months ended June 30, 2013, the decrease was primarily due to a $6 million benefit of exchange rates, offset by a $1 million increase in credit card fees primarily as a result of the sales increase in the U.S. For the six months ended June 30, 2013, the decrease was primarily due to an $11 million benefit of exchange rates, offset by a $4 million increase in credit card fees primarily as a result of the sales increase in the U.S.

QVC's SG&A expenses include personnel, information technology, provision for doubtful accounts, credit card income and marketing and advertising expenses. Such expenses increased from 6.4% to 6.6% and increased from 6.7% to 7.0% as a percentage of net revenue for the three and six month periods ended June 30, 2013, respectively. SG&A

expenses increased $3 million and $11 million for the three and six month periods ended June 30, 2013, respectively, due to a variety of factors.

For the three months ended June 30, 2013, the change was primarily due to a $6 million increase in personnel expenses due to merit, benefits and bonus increases primarily in the U.S., a $3 million decrease in credit card income due to increased reserve requirements associated with the U.S. regulatory environment and an increase of $2 million in U.S. franchise taxes. These amounts were offset by a $4 million decrease in rent expense primarily related to lease cancellation costs in the U.K. that were incurred in the prior year related to QVC-U.K.'s move to its new headquarters as well as a $4 million benefit of exchange rates. For the six months ended June 30, 2013, the change was primarily due to a $20 million increase in personnel expenses due to merit, benefits and bonus increases primarily in the U.S., and to a lesser extent, in Germany. This amount was offset by a $3 million decrease in rent expense primarily related to lease cancellation costs in the U.K. that were incurred in the prior year related to QVC-U.K.'s move to its new headquarters as well as a $7 million benefit of exchange rates.

Depreciation and amortization consisted of the following:

	Three months ended June 30, 2013		Six months ended June 30, 2013	
	2013	2012	2013	2012
	amounts in millions			
Affiliate agreements	$ 37	38	75	76
Customer relationships	43	43	86	86
Acquisition related amortization	80	81	161	162
Property, plant and equipment	33	33	63	64
Software amortization	17	12	36	24
Channel placement amortization and related expenses	10	3	14	6
Total depreciation and amortization	$ 140	129	274	256

E-commerce businesses. Our E-commerce businesses are comprised primarily of Provide, Backcountry, Bodybuilding, Celebrate and CommerceHub. Revenue for the E-commerce businesses is seasonal due to certain holidays and seasons, which drive a significant portion of the e-commerce businesses' revenue. Revenue increased $48 million and $126 million for the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in the prior year. Such increases were the result of increased marketing efforts driving additional traffic, greater conversion resulting from investments in site optimization, increased shipping charges, and broader inventory offerings, partially offset in the three months ended by the shift in the Easter holiday falling during the first quarter of 2013 (which typically is a second quarter holiday). Adjusted OIBDA for the E-commerce businesses increased $3 million and $8 million for the three and six months ended June 30, 2013, respectively, as compared to the corresponding periods in the prior year representing 5.9% and 7.2% of revenue for the three and six months ended June 30, 2013, respectively, as compared to 5.9% and 7.4% for the three and six months ended June 30, 2012, respectively. The slight decrease in adjusted OIBDA as a percentage of revenue for the six months ended June 30, 2013 as compared to the corresponding period in the prior year was primarily due to an inventory reserve adjustment at one of our subsidiaries and lower product margins as a result of product discounts and promotions. Operating income decreased $1 million for the three months ended June 30, 2013 and increased$3 million for the six months ended June 30, 2013, compared to the corresponding periods in the prior year periods, due to the items discussed above that impacted both adjusted OIBDA and operating income as well as greater amortization and depreciation and stock compensation expense, as compared to the corresponding prior period.

TripAdvisor, Inc. TripAdvisor is an online travel company, providing comprehensive travel planning resources. TripAdvisor's travel research platform aggregates reviews and opinions of members about destinations, accommodations (hotels, bed and breakfasts, specialty lodging and vacation rentals), restaurants and activities throughout the world through their TripAdvisor brand. TripAdvisor-branded websites include tripadvisor.com in the United States and localized versions of the website in 29 countries, including in China under the brand daodao.com. Beyond travel-related content, TripAdvisor websites also include links to the websites of their travel advertisers allowing travelers to directly book their travel arrangements. In addition to the TripAdvisor brand, they manage and operate 20 other travel brands, connected by the common goal of providing comprehensive travel planning resources across the travel sector. TripAdvisor derives substantially all of its revenue from advertising, primarily through click-based advertising and display-based advertising sales. In addition, they earn revenue through a combination of subscriptionbased offerings from their Business Listings and Vacation Rental products, transaction revenue from selling room nights on their transactional sites including SniqueAway and Tingo, and other revenue including licensing their content to third-parties.

On December 11, 2012, we acquired approximately 4.8 million additional shares of common stock of TripAdvisor (an additional 4% equity ownership interest) for $300 million along with the right to control the vote of the shares of TripAdvisor's common stock and class B common stock we own. Following the transaction, we own approximately 22% of the equity and 57% of the total votes of all classes of TripAdvisor common stock. Accordingly, TripAdvisor is included as a consolidated subsidiary in Liberty's results with 78% of TripAdvisor's net income (loss) eliminated through the noncontrolling interest line item. Prior to the acquisition of our controlling interest we maintained an investment in TripAdvisor accounted for using the equity method. For comparison purposes we are presenting TripAdvisor's stand alone results, prior to any purchase accounting adjustments, in the current year for an understanding of the operations of TripAdvisor. We presented the purchase accounting adjustments below to reconcile to the results reported by Liberty during the three and six months ended June 30, 2013. As discussed above, in the prior period TripAdvisor was treated as an equity method affiliate, so the results reported below by TripAdvisor were not reported in the Liberty consolidated results. Instead, we recorded our share of TripAdvisor's earnings in the share of earnings (loss) of affiliates, net line item in the statement of operations.

TripAdvisor's stand alone revenue, Adjusted OIBDA and operating income for the three and six months ended June 30, 2013 and 2012 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	amounts in millions			
Revenue	$ 247	197	477	381
Adjusted OIBDA	113	97	222	181
Operating income as reported by TripAdvisor	94	84	182	157
Adjustments for purchase accounting (1)	(72)	—	(145)	—
Operating income as reported by Liberty	$ 22	84	37	157

(1) Purchase accounting adjustments primarily relate to the amortization of certain customer relationships and other intangibles recognized at the acquisition date in December 2012.

TripAdvisor's revenue included $54 million and $56 million of related-party revenue with Expedia, Inc. (TripAdvisor's former parent), which we account for as an equity method affiliate, for the three months ended June 30, 2013 and 2012, respectively, and $115 million and $107 million for the six months ended June 30, 2013 and 2012, respectively.

Revenue growth in 2013 was primarily the result of increased traffic from hotel shoppers which resulted in greater revenue associated with click-based advertising that was delivered to TripAdvisor partners partially offset by lower revenue per hotel shopper. Adjusted OIBDA as a percentage of revenue has been slightly decreasing, as compared to the prior periods presented, due to investments in technology, increased spending in paid search and brand advertising costs, increased social media spending and increased spending in general and administrative costs as a result of the separate public company structure. TripAdvisor continues to make technology changes and has been investing in metasearch technology. This metasearch technology is an interface that shows hotel or flight availability and pricing information from multiple sources, without requiring the user to visit another website. The implementation of this functionality provides a better user experience while delivering more valuable leads to advertising partners, however at a lower volume per session. Over time, these higher converting leads are expected to generate higher pricing with TripAdvisor's customers which it expects will offset the anticipated decrease in volume. It is anticipated that the conversion to metasearch technology will continue to negatively impact revenue growth over the balance of the year.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to market risk in the normal course of business due to our ongoing investing and financial activities and the conduct of operations by our subsidiaries in different foreign countries. Market risk refers to the risk of loss arising from adverse changes in stock prices, interest rates and foreign currency exchange rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks.

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We have achieved this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when we deem appropriate. As of June 30, 2013, our debt is comprised of the following amounts:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted average interest rate	Principal amount	Weighted average interest rate
	dollar amounts in millions			
Liberty Interactive				
QVC	$ 990	1.7%	$ 2,899	6.0%
Corporate and other	$ 58	2.6%	$ 792	8.3%
Liberty Ventures				
TripAdvisor	$ 385	2.2%	$ —	—%
Corporate and other	$ —	—%	$ 2,146	2.6%

We are exposed to changes in stock prices primarily as a result of our significant holdings in publicly traded securities. We continually monitor changes in stock markets, in general, and changes in the stock prices of our holdings, specifically. We believe that changes in stock prices can be expected to vary as a result of general market conditions, technological changes, specific industry changes and other factors. We periodically use equity collars and other financial instruments to manage market risk associated with certain investment positions. These instruments are recorded at fair value based on option pricing models.

At June 30, 2013, the fair value of our AFS equity securities was $1,365 million. Had the market price of such securities been 10% lower at June 30, 2013, the aggregate value of such securities would have been $137 million lower. Our investments in Expedia and HSN, Inc., are publicly traded securities and are accounted for as equity method affiliates, which are not reflected at fair value in our balance sheet. The aggregate fair value of such securities was $2,463 million at June 30, 2013 and had the market price of such securities been 10% lower at June 30, 2013, the aggregate value of such securities would have been $246 million lower. Such changes in value are not directly reflected in our statement of operations. Additionally, our exchangeable senior debentures are also subject to market risk. Because we mark these instruments to fair value each reporting date, increases in the stock price of the respective underlying security and increases in interest rates generally result in higher liabilities and unrealized losses in our statement of operations.

Liberty is exposed to foreign exchange rate fluctuations related primarily to the monetary assets and liabilities and the financial results of QVC's foreign subsidiaries. Assets and liabilities of foreign subsidiaries for which the functional currency is the local currency are translated into U.S. dollars at period-end exchange rates, and the statements of operations are generally translated at the average exchange rate for the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. dollars that result in unrealized gains or losses are referred to as translation adjustments. Cumulative translation adjustments are recorded in accumulated other comprehensive earnings (loss) as a separate component of stockholders' equity. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses, which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from our operations in foreign countries are translated at the average rate for the period. Accordingly, Liberty may experience economic loss and a negative impact on earnings and equity with respect to our holdings solely as a result of foreign currency exchange rate fluctuations.

We periodically assess the effectiveness of our derivative financial instruments. With regard to interest rate swaps, we monitor the fair value of interest rate swaps as well as the effective interest rate the interest rate swap yields, in comparison to historical interest rate trends. We believe that any losses incurred with regard to interest rate swaps would be largely offset by the effects of interest rate movements on the underlying debt facilities. These measures allow our management to evaluate the success of our use of derivative instruments and to determine when to enter into or exit from derivative instruments.

Item 4. Controls and Procedures.

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and its principal accounting and financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of June 30, 2013 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended June 30, 2013 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II—OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Share Repurchase Programs

On several occasions our board of directors authorized a share repurchase program for our Series A and Series B Liberty Interactive common stock. On each of May 5, 2006, November 3, 2006 and October 30, 2007 our board authorized the repurchase of $1 billion of Series A and Series B Liberty Interactive common stock for a total of $3 billion. These previous authorizations have remained effective, notwithstanding the fact that Liberty Interactive Corporation's common stock was not a tracking stock following the Split-Off until the recapitalization and creation of the Liberty Ventures tracking stock in August 2012. On February 22, 2012 the board authorized the repurchase of an additional $700 million of Series A and Series B Liberty Interactive common stock. Additionally, on October 30, 2012 the board authorized the repurchase of an additional $1 billion of Series A and Series B Liberty Interactive common stock.

A summary of the repurchase activity for the three months endedJune 30, 2013 is as follows:

	Series A Liberty Interactive Common Stock			
Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 - 3, 2013	3,839,555	$ 20.66	3,839,555	$929 million
May 1 - 31, 2013	2,915,642	$ 22.28	2,915,642	$864 million
June 1 - 30, 2013	4,555,400	$ 22.61	4,555,400	$761 million
Total	11,310,597		11,310,597	

Item 6. Exhibits

(a) Exhibits

Listed below are the exhibits which are filed as a part of this Report (according to the number assigned to them in Item 601 of Regulation S-K):

31.1	Rule 13a-14(a)/15d-14(a) Certification*
31.2	Rule 13a-14(a)/15d-14(a) Certification*
32	Section 1350 Certification**
99.1	Unaudited Attributed Financial Information for Tracking Stock Groups
99.2	Reconciliation of Liberty Interactive Corporation Net Assets and Net Earnings to Liberty Interactive LLC Net Assets and Net Earnings**
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Calculation Linkbase Document**
101.LAB	XBRL Taxonomy Label Linkbase Document**
101.PRE	XBRL Taxonomy Presentation Linkbase Document**
101.DEF	XBRL Taxonomy Definition Document**

* Filed herewith

** Furnished herewith

SIGNATURES

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

		LIBERTY INTERACTIVE CORPORATION
Date: August 6, 2013	By:	/s/ GREGORY B. MAFFEI
		Gregory B. Maffei *President and Chief Executive Officer*
Date: August 6, 2013	By:	/s/ CHRISTOPHER W. SHEAN
		Christopher W. Shean *Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)*

EXHIBIT INDEX

Listed below are the exhibits which are filed as a part of this Report (according to the number assigned to them in Item 601 of Regulation S-K):

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* Filed herewith

** Furnished herewith

QuickLinks

Exhibit 31.1

CERTIFICATION

I, Gregory B. Maffei, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Interactive Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2013

/s/ GREGORY B. MAFFEI

Gregory B. Maffei
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Christopher W. Shean, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Interactive Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2013

/s/ CHRISTOPHER W. SHEAN

Christopher W. Shean
Senior Vice President and Chief Financial Officer

Exhibit 32

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Liberty Interactive Corporation, a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period endedJune 30, 2013 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2013	/s/ GREGORY B. MAFFEI
	Gregory B. Maffei *President and Chief Executive Officer*
Date: August 6, 2013	/s/ CHRISTOPHER W. SHEAN
	Christopher W. Shean *Senior Vice President and Chief Financial Officer* *(Principal Financial Officer and Principal Accounting Officer)*

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

Exhibit 99.1

Unaudited Attributed Financial Information for Tracking Stock Groups

Our Liberty Interactive common stock is intended to reflect the separate performance of our Interactive Group which is comprised of our businesses engaged in video and on-line commerce, including our subsidiaries, QVC, Inc., Provide Commerce, Inc., Backcountry.com, Inc., Bodybuilding.com, LLC, Celebrate Interactive Holdings, Inc., CommerceHub and our interest in HSN, Inc. Our Liberty Ventures common stock is intended to reflect the separate performance of our Ventures Group which consists of all of our businesses not included in the Interactive Group including our consolidated subsidiary, TripAdvisor, Inc., and our interests in equity method investments of Expedia, Inc., Interval Leisure Group, Inc. and Tree.com, Inc. and available-for-sale securities Time Warner Inc. and Time Warner Cable Inc.

The following tables present our assets and liabilities as ofJune 30, 2013, revenue and expenses for the three and six months ended June 30, 2013 and 2012, and cash flows for the six months ended June 30, 2013 and 2012. The tables further present our assets, liabilities, revenue, expenses and cash flows that are attributed to the Interactive Group and the Ventures Group, respectively, as if those businesses and assets had been attributed to those respective groups at the beginning of each period, for comparative purposes. Therefore, the attributed earnings in the periods presented in the Unaudited Attributed Financial Information Statements are not the same as those reflected in the Liberty Interactive Corporation condensed consolidated financial statements. The earnings attributed to the Liberty Interactive common stock and and Liberty Ventures common stock for purposes of those financial statements only relate to the period after the Liberty Ventures stock was issued. The financial information in this Exhibit should be read in conjunction with our unaudited condensed consolidated financial statements for the three and six months ended June 30, 2013 included in this Quarterly Report on Form 10-Q.

Notwithstanding the following attribution of assets, liabilities, revenue, expenses and cash flows to the Interactive Group and the Ventures Group, our tracking stock structure does not affect the ownership or the respective legal title to our assets or responsibility for our liabilities. We and our subsidiaries are each responsible for our respective liabilities. Holders of Liberty Interactive common stock and Liberty Ventures common stock are holders of our common stock and are subject to risks associated with an investment in our company and all of our businesses, assets and liabilities. The issuance of Liberty Interactive common stock and Liberty Ventures common stock does not affect the rights of our creditors or creditors of our subsidiaries.

SUMMARY ATTRIBUTED FINANCIAL DATA

Interactive Group

		June 30, 2013	December 31, 2012
		amounts in millions	
Summary balance sheet data:			
Cash and cash equivalents	$	591	699
Trade and other receivables, net	$	731	1,095
Inventory	$	1,129	1,106
Investments in affiliates, accounted for using the equity method	$	322	304
Total assets	$	14,359	15,115
Long-term debt	$	4,701	4,277
Deferred income tax liabilities	$	1,194	1,318
Attributed net assets	$	6,664	7,011

		Three months ended June 30,		Six months ended June 30,	
		2013	2012	2013	2012
		amounts in millions			
Summary operations data:					
Revenue	$	2,400	2,365	4,834	4,679
Cost of sales		(1,521)	(1,488)	(3,074)	(2,954)
Operating expenses		(207)	(199)	(415)	(407)
Selling, general and administrative expenses (1)		(246)	(241)	(506)	(479)
Depreciation and amortization		(158)	(147)	(311)	(290)
Operating income (loss)		268	290	528	549
Interest expense		(70)	(80)	(154)	(157)
Share of earnings (losses) of affiliates, net		4	7	20	20
Realized and unrealized gains (losses) on financial instruments, net		4	11	17	25
Gains on disposition, net		(1)	—	(1)	—
Other income (expense), net		(14)	(7)	(54)	(4)
Income tax benefit (expense)		(69)	(82)	(127)	(161)
Net earnings (loss)		122	139	229	272
Less net earnings (loss) attributable to noncontrolling interests		13	15	25	29
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$	109	124	204	243

(1) Includes stock-based compensation of $29 million and $18 million for the three months ended June 30, 2013 and 2012, respectively, and $53 million and $35 million for the six months ended June 30, 2013 and 2012, respectively.

SUMMARY ATTRIBUTED FINANCIAL DATA (Continued)

Ventures Group

		June 30, 2013	December 31, 2012
		amounts in millions	
Summary balance sheet data:			
Cash and cash equivalents	$	857	1,961
Investments in available-for-sale securities and other cost investments	$	1,361	1,815
Investments in affiliates, accounted for using the equity method	$	561	547
Long-term debt, including current portion	$	2,264	3,342
Deferred income tax liabilities, including current portion	$	2,782	2,959
Attributed net assets	$	479	551

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	amounts in millions			
Summary operations data:				
Revenue	$ 247	—	477	—
Operating expenses (1)	(36)	—	(72)	—
Selling, general and administrative expenses (1)	(116)	—	(222)	(1)
Depreciation and amortization	(79)	—	(156)	—
Operating income (loss)	16	—	27	(1)
Interest expense	(20)	(27)	(47)	(56)
Share of earnings (losses) of affiliates, net	3	28	(24)	26
Realized and unrealized gains (losses) on financial instruments, net	5	(171)	(81)	(203)
Gains (losses) on dispositions, net	(1)	288	(1)	288
Other, net	(1)	37	1	37
Income tax benefit (expense)	26	(45)	99	(9)
Net earnings (loss)	28	110	(26)	82
Less net earnings (loss) attributable to noncontrolling interests	17	—	31	—
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 11	110	(57)	82

(1) Included in the Ventures Group statements of operations are the following amounts of stock-based compensation:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	amounts in millions			
Operating expenses	$ 5	—	13	—
Selling, general and administrative expenses	10	—	20	—
	$ 15	—	33	—

BALANCE SHEET INFORMATION

June 30, 2013

(unaudited)

	Attributed (note 1)			
	Interactive Group	Ventures Group	Inter-group eliminations	Consolidated Liberty
	amounts in millions			
Assets				
Current assets:				
Cash and cash equivalents	$ 591	857	—	1,448
Trade and other receivables, net	731	178	—	909
Inventory, net	1,129	—	—	1,129
Short term marketable securities	—	508	—	508
Other current assets	238	28	(151)	115
Total current assets	2,689	1,571	(151)	4,109
Investments in available-for-sale securities and other cost investments (note 2)	4	1,361		1,365
Investments in affiliates, accounted for using the equity method (note 3)	322	561	—	883
Property and equipment, net	1,156	19	—	1,175
Intangible assets not subject to amortization, net	8,358	5,517	—	13,875
Intangible assets subject to amortization, net	1,746	1,033	—	2,779
Other assets, at cost, net of accumulated amortization	84	15	—	99
Total assets	$ 14,359	10,077	(151)	24,285
Liabilities and Equity				
Current liabilities:				
Intergroup payable (receivable) (note 7)	$ 63	(63)	—	—
Accounts payable	533	26	—	559
Accrued liabilities	682	116	—	798
Current portion of debt (note 4)	23	1,006	—	1,029
Deferred tax liabilities	5	987	(151)	841
Other current liabilities	159	47	—	206
Total current liabilities	1,465	2,119	(151)	3,433
Long-term debt (note 4)	4,701	1,258	—	5,959
Deferred income tax liabilities	1,194	1,795	—	2,989
Other liabilities	205	34	—	239
Total liabilities	7,565	5,206	(151)	12,620
Equity/Attributed net assets (liabilities)	6,664	479	—	7,143
Noncontrolling interests in equity of subsidiaries	130	4,392	—	4,522
Total liabilities and equity	$ 14,359	10,077	(151)	24,285

STATEMENT OF OPERATIONS INFORMATION

Three months ended June 30, 2013

(unaudited)

	Attributed (note 1)		
	Interactive Group	Ventures Group	Consolidated Liberty
	amounts in millions		
Revenue:			
Net retail sales	$ 2,400	—	2,400
Other revenue	—	247	247
Total revenue	2,400	247	2,647
Operating costs and expenses:			
Cost of sales	1,521	—	1,521
Operating, including stock-based compensation (note 5)	207	36	243
Selling, general and administrative, including stock-based compensation (note 5)	246	116	362
Depreciation and amortization	158	79	237
	2,132	231	2,363
Operating income (loss)	268	16	284
Other income (expense):			
Interest expense	(70)	(20)	(90)
Share of earnings (losses) of affiliates, net (note 3)	4	3	7
Realized and unrealized gains (losses) on financial instruments, net	4	5	9
Gains (losses) on transactions, net	(1)	(1)	(2)
Other, net	(14)	(1)	(15)
	(77)	(14)	(91)
Earnings (loss) before income taxes	191	2	193
Income tax benefit (expense)	(69)	26	(43)
Net earnings (loss)	122	28	150
Less net earnings (loss) attributable to noncontrolling interests	13	17	30
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 109	11	120

STATEMENT OF OPERATIONS INFORMATION

Three months ended June 30, 2012

(unaudited)

	Attributed (note 1)		
	Interactive Group	Ventures Group	Consolidated Liberty
		amounts in millions	
Revenue:			
Net retail sales	$ 2,365	—	2,365
Other revenue	—	—	—
Total revenue	2,365	—	2,365
Operating costs and expenses:			
Cost of sales	1,488	—	1,488
Operating	199	—	199
Selling, general and administrative, including stock-based compensation (note 5)	241	—	241
Depreciation and amortization	147	—	147
	2,075	—	2,075
Operating income (loss)	290	—	290
Other income (expense):			
Interest expense	(80)	(27)	(107)
Share of earnings (losses) of affiliates, net (note 3)	7	28	35
Realized and unrealized gains (losses) on financial instruments, net	11	(171)	(160)
Gains (losses) on transactions, net	—	288	288
Other, net	(7)	37	30
	(69)	155	86
Earnings (loss) from continuing operations before income taxes	221	155	376
Income tax benefit (expense)	(82)	(45)	(127)
Net earnings (loss)	139	110	249
Less net earnings (loss) attributable to noncontrolling interests	15	—	15
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 124	110	234

STATEMENT OF OPERATIONS INFORMATION

Six months ended June 30, 2013

(unaudited)

	Attributed (note 1)		
	Interactive Group	Ventures Group	Consolidated Liberty
		amounts in millions	
Revenue:			
Net retail sales	$ 4,834	—	4,834
Other revenue	—	477	477
Total revenue	4,834	477	5,311
Operating costs and expenses:			
Cost of sales	3,074	—	3,074
Operating, including stock-based compensation (note 5)	415	72	487
Selling, general and administrative, including stock-based compensation (note 5)	506	222	728
Depreciation and amortization	311	156	467
	4,306	450	4,756
Operating income (loss)	528	27	555
Other income (expense):			
Interest expense	(154)	(47)	(201)
Share of earnings (losses) of affiliates, net (note 3)	20	(24)	(4)
Realized and unrealized gains (losses) on financial instruments, net	17	(81)	(64)
Gains (losses) on transactions, net	(1)	(1)	(2)
Other, net	(54)	1	(53)
	(172)	(152)	(324)
Earnings (loss) before income taxes	356	(125)	231
Income tax benefit (expense)	(127)	99	(28)
Net earnings (loss)	229	(26)	203
Less net earnings (loss) attributable to noncontrolling interests	25	31	56
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 204	$ (57)	147

STATEMENT OF OPERATIONS INFORMATION

Six months ended June 30, 2012

(unaudited)

	Attributed (note 1)		
	Interactive Group	Ventures Group	Consolidated Liberty
	amounts in millions		
Revenue:			
Net retail sales	$ 4,679	—	4,679
Other revenue	—	—	—
Total revenue	4,679	—	4,679
Operating costs and expenses:			
Cost of sales	2,954	—	2,954
Operating	407	—	407
Selling, general and administrative, including stock-based compensation (note 5)	479	1	480
Depreciation and amortization	290	—	290
	4,130	1	4,131
Operating income (loss)	549	(1)	548
Other income (expense):			
Interest expense	(157)	(56)	(213)
Share of earnings (losses) of affiliates, net (note 3)	20	26	46
Realized and unrealized gains (losses) on financial instruments, net	25	(203)	(178)
Gains (losses) on transactions, net	—	288	288
Other, net	(4)	37	33
	(116)	92	(24)
Earnings (loss) from continuing operations before income taxes	433	91	524
Income tax benefit (expense)	(161)	(9)	(170)
Net earnings (loss)	272	82	354
Less net earnings (loss) attributable to noncontrolling interests	29	—	29
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 243	82	325

STATEMENT OF CASH FLOWS INFORMATION

Six months ended June 30, 2013

(unaudited)

	Attributed (note 1)		
	Interactive Group	Ventures Group	Consolidated Liberty
		amounts in millions	
Cash flows from operating activities:			
Net earnings (loss)	$ 229	(26)	203
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	311	156	467
Stock-based compensation	53	33	86
Cash payments for stock based compensation	(4)	(1)	(5)
Share of losses (earnings) of affiliates, net	(20)	24	4
Cash receipts from return on equity investments	7	8	15
Realized and unrealized gains (losses) on financial instruments, net	(17)	81	64
(Gains) losses on disposition of assets, net	1	1	2
Deferred income tax (benefit) expense	(86)	(181)	(267)
Other, net	39	(25)	14
Intergroup tax allocation	(94)	94	—
Changes in operating assets and liabilities			
Current and other assets	322	(74)	248
Payables and other current liabilities	(359)	(26)	(385)
Net cash provided (used) by operating activities	382	64	446
Cash flows from investing activities:			
Cash proceeds from dispositions	—	1,136	1,136
Investments in and loans to cost and equity investees	—	(51)	(51)
Capital expended for property and equipment	(111)	(25)	(136)
Purchases of short-term and other marketable securities	—	(1,116)	(1,116)
Sales of short term and other marketable securities	2	442	444
Other investing activities, net	(7)	(35)	(42)
Net cash provided (used) by investing activities	(116)	351	235
Cash flows from financing activities:			
Borrowings of debt	2,246	848	3,094
Repayments of debt	(2,055)	(2,342)	(4,397)
Intergroup receipts (payments), net	2	(2)	—
Shares repurchased by subsidiary	—	(42)	(42)
Shares issued by subsidiary	—	19	19
Repurchases of Liberty common stock	(499)	—	(499)
Other financing activities, net	(39)	—	(39)
Net cash provided (used) by financing activities	(345)	(1,519)	(1,864)
Effect of foreign currency rates on cash	(29)	—	(29)
Net increase (decrease) in cash and cash equivalents	(108)	(1,104)	(1,212)
Cash and cash equivalents at beginning of period	699	1,961	2,660
Cash and cash equivalents at end period	$ 591	857	1,448

STATEMENT OF CASH FLOWS INFORMATION

Six months ended June 30, 2012

(unaudited)

	Attributed (note 1)		
	Interactive Group	Ventures Group	Consolidated Liberty
		amounts in millions	
Cash flows from operating activities:			
Net earnings (loss)	$ 272	82	354
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	290	—	290
Stock-based compensation	35	—	35
Cash payments for stock based compensation	(2)	—	(2)
Share of losses (earnings) of affiliates, net	(20)	(26)	(46)
Cash receipts from return on equity investments	5	8	13
Realized and unrealized gains (losses) on financial instruments, net	(25)	203	178
(Gains) losses on disposition of assets, net	—	(288)	(288)
Deferred income tax (benefit) expense	(66)	92	26
Other, net	9	(34)	(25)
Intergroup tax allocation	83	(83)	—
Changes in operating assets and liabilities			
Current and other assets	357	—	357
Payables and other current liabilities	(167)	5	(162)
Net cash provided (used) by operating activities	771	(41)	730
Cash flows from investing activities:			
Cash proceeds from dispositions	—	348	348
Investments in and loans to cost and equity investees	(11)	(97)	(108)
Capital expended for property and equipment	(151)	—	(151)
Purchases of short-term and other marketable securities	—	—	—
Sales of short term and other marketable securities	46	—	46
Other investing activities, net	(41)	1	(40)
Net cash provided (used) by investing activities	(157)	252	95
Cash flows from financing activities:			
Borrowings of debt	666	—	666
Repayments of debt	(761)	(112)	(873)
Intergroup receipts (payments), net	99	(99)	—
Repurchases of Liberty common stock	(637)	—	(637)
Other financing activities, net	(26)	—	(26)
Net cash provided (used) by financing activities	(659)	(211)	(870)
Effect of foreign currency rates on cash	(12)	—	(12)
Net increase (decrease) in cash and cash equivalents	(57)	—	(57)
Cash and cash equivalents at beginning of period	847	—	847
Cash and cash equivalents at end period	$ 790	—	790

Notes to Attributed Financial Information

(unaudited)

(1) The Interactive Group is comprised of our consolidated subsidiaries QVC, Inc., Provide Commerce, Inc., Backcountry.com, Inc., Bodybuilding.com, LLC and Celebrate Interactive Holdings LLC, CommerceHub and our interest in HSN, Inc. Accordingly, the accompanying attributed financial information for the Interactive Group includes the foregoing investments, as well as the assets, liabilities, revenue, expenses and cash flows of those consolidated subsidiaries. We have also attributed certain of our debt obligations (and related interest expense) to the Interactive Group based upon a number of factors, including the cash flow available to the Interactive Group and its ability to pay debt service and our assessment of the optimal capitalization for the Interactive Group. The specific debt obligations attributed to each of the Interactive Group and the Ventures Group are described in note 4 below. In addition, we have allocated certain corporate general and administrative expenses among the Interactive Group and the Ventures Group as described in note 5 below.

The Interactive Group focuses on video and on-line commerce businesses. Accordingly, we expect that businesses that we may acquire in the future that we believe are complementary to this strategy will also be attributed to the Interactive Group.

The Ventures Group consists of all of our businesses not included in the Interactive Group including our consolidated subsidiary TripAdvisor, Inc. and our interests in equity method investments of Expedia, Inc., Interval Leisure Group, Inc. and Tree.com, Inc. and available-for-sale securities Time Warner Inc. and Time Warner Cable Inc. Accordingly, the accompanying attributed financial information for the Ventures Group includes these investments. In addition, we have attributed to the Ventures Group all of our senior exchangeable debentures (and related interest expense). See note 4 below for the debt obligations attributed to the Ventures Group.

Any businesses that we may acquire in the future that we do not attribute to the Interactive Group will be attributed to the Ventures Group.

(2) Investments in available-for-sale securities, including non-strategic securities, and other cost investments are summarized as follows:

	June 30, 2013	December 31, 2012
	amounts in millions	
Interactive Group		
Other	$ 4	4
Total Interactive Group	4	4
Ventures Group		
Time Warner Inc.	254	1,042
Time Warner Cable Inc.	615	531
AOL, Inc.	—	59
TripAdvisor AFS securities	220	99
Other	272	84
Total Ventures Group	1,361	1,815
Consolidated Liberty	$ 1,365	1,819

(3) The following table presents information regarding certain equity method investments:

	June 30, 2013			Share of earnings (losses)			
				Three months ended June 30,		Six months ended June 30,	
	Percentage ownership	Carrying value	Market value	2013	2012	2013	2012
	dollar amounts in millions						
Interactive Group							
HSN, Inc.	37%	$ 270	1,075	11	9	31	24
Other	various	52	NA	(7)	(2)	(11)	(4)
Total Interactive Group		322		4	7	20	20
Ventures Group							
Expedia, Inc.	17%	438	1,388	10	26	(10)	24
TripAdvisor, Inc.	NA	NA	NA	NA	12	NA	23
Other	various	123	NA	(7)	(10)	(14)	(21)
Total Ventures Group		561		3	28	(24)	26
Consolidated Liberty		$ 883		7	35	(4)	46

(4) Debt attributed to the Interactive Group and the Ventures Group is comprised of the following:

	June 30, 2013	
	Outstanding principal	Carrying value
	amounts in millions	
Interactive Group		
8.5% Senior Debentures due 2029	$ 287	285
8.25% Senior Debentures due 2030	505	501
QVC 7.5% Senior Secured Notes due 2019	769	760
QVC 7.375% Senior Secured Notes due 2020	500	500
QVC 5.125% Senior Secured Notes due 2022	500	500
QVC 4.375% Senior Secured Notes due 2023	750	750
QVC 5.95% Senior Secured Notes due 2043	300	300
QVC Bank Credit Facilities	990	990
Other subsidiary debt	138	138
Total Interactive Group debt	4,739	4,724
Ventures Group		
4% Exchangeable Senior Debentures due 2029	469	318
3.75% Exchangeable Senior Debentures due 2030	460	313
3.5% Exchangeable Senior Debentures due 2031	367	310
0.75% Exchangeable Senior Debentures due 2043	850	938
TripAdvisor Debt Facilities	385	385
Total Ventures Group debt	2,531	2,264
Total consolidated Liberty debt	$ 7,270	6,988
Less current maturities		(1,029)
Total long-term debt		$ 5,959

(5) Cash compensation expense for our corporate employees will be allocated between the Interactive Group and the Ventures Group based on the estimated percentage of time spent providing services for each group. On a semi-annual basis estimated time spent will be determined through an interview process and a review of personnel duties unless transactions significantly change the composition of companies and investments in either respective group which would require a more timely reevaluation of estimated time spent. Other general and administrative expenses will be charged directly to the groups whenever possible and are otherwise allocated based on estimated usage or some other reasonably determined methodology. Amounts allocated from the Interactive Group to the Ventures Group were determined to be

$7 million and $1 million for the three months ended June 30, 2013 and 2012, respectively, and $10 million and $2 million for the six months ended June 30, 2013 and 2012, respectively. We note that stock compensation related to each tracking stock group is determined based on actual options outstanding for each respective tracking stock group.

While we believe that this allocation method is reasonable and fair to each group, we may elect to change the allocation methodology or percentages used to allocate general and administrative expenses in the future.

(6) The Liberty Interactive common stock and the Liberty Ventures common stock have voting and conversion rights under our restated charter. Following is a summary of those rights. Holders of Series A common stock of each group is entitled to one vote per share, and holders of Series B common stock of each group are entitled to ten votes per share. Holders of Series C common stock of each group, if issued, are entitled to 1/100th of a vote per share in certain limited cases and will otherwise not be entitled to vote. In general, holders of Series A and Series B common stock will vote as a single class. In certain limited circumstances, the board may elect to seek the approval of the holders of only Series A and Series B Liberty Interactive common stock or the approval of the holders of only Series A and Series B Liberty Ventures common stock.

At the option of the holder, each share of Series B common stock will be convertible into one share of Series A common stock of the same group. At the discretion of our board, the common stock related to one group may be converted into common stock of the same series that is related to the other group.

(7) The intergroup payable (receivable) is primarily attributable to an allocation of intergroup income taxes payable from the Interactive Group to the Ventures Group.

Exhibit 99.2

Liberty Interactive Corporation
Reconciliation of Liberty Interactive Corporation ("LINT") Net Assets and
Net Earnings to Liberty Interactive LLC ("LINT LLC") Net Assets and Net Earnings

June 30, 2013

(unaudited)

amounts in millions

Liberty Interactive Corporation Net Assets	$	11,665
Reconciling items:		
LINT put option obligations		—
LINT LLC Net Assets	$	11,665
Liberty Interactive Corporation Net Earnings for the six months ended June 30, 2013	$	203
Reconciling items:		
Unrealized gain on LINT put options		(1)
LINT LLC Net Earnings for the six months ended June 30, 2013	$	202