LIBERTY INTERACTIVE CORPORA T[illegible]

[redacted]

(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 ("AF

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time of the Split-Off, LMC owned all the assets, businesses and liabilities attributed to our former Capital and Starz tracking stock groups immediately prior to the Split-Off. The Split-Off was effected by means of a redemption of all of the Liberty Capital common stock and Liberty Starz common stock of Liberty for all of the common stock of LMC. This transaction has been accounted for at historical cost due to the pro rata nature of the distribution.

Following the Split-Off, Liberty and LMC operate as separate, publicly traded companies and neither has any stock ownership, beneficial or otherwise, in the other. In connection with the Split-Off, Liberty and LMC entered into certain agreements in order to govern certain of the ongoing relationships between the two companies after the Split-Off and to provide for an orderly transition.

The condensed consolidated financial statements of Liberty have been prepared to reflect LMC as discontinued operations. Accordingly, the assets and liabilities, revenue, costs and expenses, and cash flows of LMC (for periods prior to the Split-Off) have been excluded from the respective captions in the accompanying condensed consolidated balance sheets, statements of operations, comprehensive earnings and cash flows in such condensed consolidated financial statements.

[redacted]

[redacted]

month increase in net revenue was comprised of $153 million due to a 3.6% increase in ASP, $84 million due to a 2.0% increase in units sold and a $31 million increase in shipping and handling and other miscellaneous revenue. These increases were offset by a $65 million impact of estimated product returns and unfavorable foreign currency exchange rates in all markets except Japan of $30 million. Returns as a percent of gross product revenue increased from 19.6% to 19.9% primarily due to an increase in apparel sales as a percentage of the total mix of products sold.

During the three and six months ended June 30, 2012 and 2011, the changes in revenue and expenses were impacted 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 impacted. The percentage increase (decrease) in revenue for QVC's geographic areas in U.S. Dollars and in local currency was as follows:

	Three months ended June 30, 2012		Six months ended June 30, 2012	
	U.S. Dollars	Local currency	U.S. Dollars	Local currency
QVC-US	3.9 %	3.9 %	4.0 %	4.0 %
QVC-Japan	15.2 %	13.1 %	19.3 %	16.1 %
QVC-Germany	(11.4)%	(0.9)%	(9.5)%	(2.5)%
QVC-UK	1.3 %	4.4 %	1.4 %	4.0 %

QVC-U.S. growth in net revenue for the three month period ended June 30, 2012 of 3.9% was due primarily to a 5.4% increase in ASP and an increase in shipping and handling revenue, partially offset by an increase in returns associated with the sales increase and change in product mix. For the three months ended June 30, 2012, QVC-U.S. shipped sales increased due to growth in sales of electronics, beauty and apparel. For the six months ended June 30, 2012, QVC-US shipped sales increased due to growth in sales of cooking and dining, beauty and apparel. For the three and six months ended June 30, 2012, QVC-Japan primarily experienced growth in home and apparel with the growth also reflective of the earthquake and related events experienced last March. For the three and six months ended June 30, 2012, QVC-Germany primarily experienced declines in health and fitness and apparel, that were somewhat offset by increases in beauty products. QVC-UK's growth for the three and six months ended June 30, 2012 was primarily the result of increased sales in the beauty and apparel product categories, offset by declines in electronics and jewelry in both periods. QVC-Italy's sales consisted primarily of home, 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, growth in sales to existing customers and new subscribers as a result of expansion of programming reach. QVC's future net revenue may also be affected by (i) the willingness of multichannel television distributors to continue carrying QVC's programming service; (ii) QVC's ability to maintain favorable channel positioning, which may become more difficult as distributors convert 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 decreased from 37.7% to 37.5%, but increased from 36.7% to 36.9%, during the three and six month periods ended June 30, 2012, respectively. For the three month period ended June 30, 2012, the decrease was due primarily to lower initial product margins in electronics, jewelry and apparel categories, partially offset by higher initial product margins on beauty products. Both the three and six month periods ended June 30, 2012 were favorably impacted by improved leverage on the warehouse cost base.

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 2.8% or $5 million and 0.3% or $1 million for the three and six month periods ended June 30, 2012, respectively, as compared to the corresponding periods in the prior year. For the three month period ended June 30, 2012, the $5 million decrease was primarily due to a $3 million favorable foreign currency exchange rate impact and a $2 million decrease in credit card processing fees. For the six month period ended June 30, 2012, the $1 million decrease was primarily due to a $7 million favorable foreign currency exchange rate impact and a $3 million decrease in credit card processing fees offset by a $4 million increase in commissions expense and a $4 million increase in programming expenses. For the three and six months ended June 30, 2012, the decreases in credit card processing fees were due to a change in U.S. legislation associated with customer debit card purchases resulting in lower fees charged. For the six months ended June 30, 2012, the increase in commissions expense was primarily due to higher sales volume and the increase in programming expenses were due primarily to additional manpower costs.

QVC's SG&A expenses include personnel, information technology, the provision for doubtful accounts, credit card income and marketing and advertising expenses. Such expenses increased from 6.1% to 6.4% and increased from 6.3% to 6.7% as a percentage of net revenue for the three and six month periods ended June 30, 2012, respectively. SG&A expenses increased $10 million and $26 million for the three and six month periods ended June 30, 2012, respectively, as compared to the corresponding periods in the prior year, due to a variety of factors.

For the three month period ended June 30, 2012, the $10 million increase in SG&A expenses was primarily due to a $4 million increase in personnel expenses, a $4 million increase in the provision for doubtful ac ompaompaam \n

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 ofntrie exchange ra

"LINTA Stock" has the meaning specified in Section 2 of this Agreement.

"Option" has the meaning specified in Section 2 of this Agreement.

"Option Shares" has the meaning specified in Section 4(a) of this Agreement.

"Plan" has the meaning specified in the recitals to this Agreement.

"Qualifying Subsidiary" has the meaning set forth in the Reorganization Agreement.

"Reorganization Agreement" means the Reorganization Agreement dated as of August 30, 2011 between the Company and Splitco.

"Required Withholding Amount" has the meaning specified in Section 5 of this Agreement.

"Separation" means the Grantee's "separation from service" from the Company, as defined in Treasury Regulation Section 1.409A-1(h).

"Separation from Splitco" means the Grantee's "separation from service" from Splitco, as defined in Treasury Regulation Section 1.409A-1(h).

"Splitco" means Liberty Media Corporation, a Delaware corporation formerly known as Liberty CapStarz, Inc.

"Subsidiary" has the meaning set forth in the Reorganization Agreement.

"Term" has the meaning specified in Section 2 of this Agreement.

2. **Grant of Options**. Subject to the terms and conditions herein, pursuant to the Plan, the Company granted to the Grantee as of the Effective Date options to purchase from the Company, exercisable during the period commencing on the Effective Date and expiring at Close of Business on the tenth anniversary of the Effective Date (such period, the "Term"), subject to earlier termination as provided in Section 7 below, at the Base e y

the Company the amount of sale or loan proceeds required to pay the Base Price (and, if applicable the Required Withholding Amount, ou

Options that are exercisable as of the Close of Business on the date of Separation will terminate at the Close of Business on the first Business Day following the expiration of the 90-day period that began on the date of the Grantee's Separation.

(b) If (i) the Grantee's Separation does not occur prior to the Close of Business on December 31, 2014, (ii) a Change in Control occurs prior to the Grantee's Separation, or (iii) a Change in Control has not then occurred and the Grantee's Separation occurs (A) on account of a termination of the Grantee's employment without Cause, (B) on account of a termination of the Grantee's employment by the Grantee for Good Reason, or (C) by reason of the death or Disability of the Grantee, the Options will terminate at the expiration of the Term.

In any event in which Options remain exercisable for a period of time following the date of the Grantee's Separation as provided above, the Options may be exercised during such period of time only to the extent the same were exercisable as provided in Section 3 above on such date of Separation. Notwithstanding any period of time referenced in this Section 7.A or any other provision of this Agreement or any other agreement that may be construed to the contrary, the Options will in any event terminate not later than upon the expiration of the Term.

B. This Section 7.B. will apply if the Grantee makes a valid Vesting Continuation Election pursuant to the Agreement Regarding LINTA Awards and Section 5 of such agreement becomes applicable. If this Section 7.B is then applicable, the Options will terminate at the time specified below:

(a) If a Change in Control has not then occurred and the Grantee's Separation from Splitco occurs prior to the Close of Business on December 31, 2014 (i) on account of a termination of the Grantee's employment with Splitco for Cause or (ii) on account of a termination of the Grantee's employment with Splitco by the Grantee without Good Reason, all Options that are not exercisable as of the Close of Business on the date of Grantee's Separation from Splitco will terminate at that time and all Options that are exercisable as of the Close of Business on the date of the Grantee's Separation from Splitco will terminate at the Close of Business on the first Business Day following the expiration of the 90-day period that began on the date of the Grantee's Separation from Splitco.

(b) If (i) the Grantee's Separation from Splitco does not occur prior to the Close of Business on December 31, 2014, (ii) a Change in Control occurs prior to the Grantee's Separation from Splitco, or (iii) a Change in Control has not then occurred and the Grantee's Separation from Splitco occurs (A) on account of a termination of the Grantee's employment with Splitco without Cause, (B) on account of a termination of the Grantee's employment with Splitco by the Grantee for Good Reason, or (C) by reason of the death or Disability of the Grantee, the Options will terminate at the expiration of the Term.

In any event ~~of~~ t

3 above (or as provided in Section 5 of t

14. **Amendment**. Notwithstanding any other provision hereof, this Agreement may be amended from time to time as approved by the Committee as contemplated in Section 11.7(b) of the Plan. Without limiting the generality of the foregoing, without the consent of the Grantee,

(a) this Agreement may be amended from time to time as approved by the Committee (i) to cure any ambiguity or to correct or supplement any provision herein which may be defective or inconsisteLe

Signature Page to Amended and Restated Non-Qualified Stock Option Agreement (2000 Incentive Plan) dated effective as of September 23, 2011, between Liberty Interactive Corporation and Gregory B. Maffei.

LIBERTY INTERACTIVE CORPORATION

By: _________
Name: _________
Title: _________

Date: April __, 2012

GRANTEE:

____

Gregory B. Maffei
Address: _________

____

SSN:_________

Date: April __, 2012

Number of Options Granted:

LINTA Options	5,587,000

Exhibit 10.2

<u>EXECUTION COPY</u>

MAFFEI - LIBERTY INTERACTIVE CORPORATION
2007 PLAN

LIBERTY INTERACTIVE CORPORATION
(f/k/a LIBERTY M IA CORPORATION)

Awards specifically states otherwise).

"Amendment Effective Date" means September 23, 2011.

"Base Price" means, with respect to each LINTA Option, $10.27, the Fair Market Value of a share of LINTA Stock on the Effective Date.

"Business Day" means any day other than Saturday, Sunday or a day on which banking institutions in Denver, Colorado, are required or authorized to be closed.

"Cause" has the meaning specified in the Agreement Regarding LINTA Awards except that for purposes of Section 7.B of this Agreement "Cause" has the meaning specified in the Employment Agreement.

"Change in Control" has the meaning specified in the Agreement Regarding LINTA Awards.

"Close of Business" means, on any day, 5:00 p.m., Denver, Colorado time.

"Committee" means the Compensation Committee of the Board of Directors of the Company.

"Company" has the meaning specified in the preamble to this Agreement.

"Disability" has the meaning specified in the Agreement Regarding LINTA Awards except that for purposes of Section 7.B of this Agreement "Disability" has the meaning specified in the Employment Agreement.

"Effective Date" means December 17, 2009.

"Employment Agreement" means the Amended and Restated Employment Agreement dated effective as of September 23, 2011 between Splitco and the Grantee. All references in this Agreement to the Employment Agreement shall be deemed to refer to the Employment Agreement as in effect as of the Amendment Effective Date and shall not be affected by any future amendment to, or termination of, the Employment Agreement (unless any such amendment to the Employment Agreement specifically states otherwise).

"Good Reason" has the meaning specified in the Agreement Regarding LINTA Awards except that for purposes of Section 7.B of this Agreement "Good Reason" has the meaning specified in the Employment Agreement.

"Grantee" has the meaning specified in the preamble to this Agreement.

"LINTA Option" means an Option to purchase one share of LINTA Stock.

"LINTA Stock" has the meaning specified in Section 2 of this Agreement.

"Option" has the meaning specified in Section 2 of this Agreement.

(c) Any other documentation that the Committee may reasonably require.

5. Mandatory Withholding for Taxes. The Grantee acknowledges and agrees that the Company will deduct from the shares of LINTA Stock otherwise payable or deliverable upon exercise of any Options that number of shares of LINTA Stock (valued at the Fair Market Value of such LINTA Stock on the date of exercise) that is equal to the amount of all federal, state and local taxes required to be withheld by the Company or any Subsidiary of the Company upon such exercise, as determined by the Company (the "Required Withholding Amount"), unless provisions to pay such Required Withholding Amount have been made to the satisfaction of the Company. If the Grantee elects to make payment of the Base Price by delivery of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay the Base Price, such instructions may also include instructions to deliver the Required Withholding Amount to the Company. In such case, the Company will notify the broker promptly of the Company's determination of the Required Withholding Amount.

6. Payment or Delivery by the Company. As soon as practicable after receipt of all items referred to in Section 4, and subject to the withholding referred to in Section 5, the Company will (i) deliver or cause to be delivered to the Grantee certificates issued in the Grantee's name for, or cause to be transferred to a brokerage account through Depository Trust Company for the benefit of the Grantee, the number of shares of LINTA Stock purchased by exercise of Options, and (ii) deliver any cash payment to which the Grantee is entitled in lieu of a fractional share of LINTA Stock as provided in Section 2 above. Any delivery of shares of LINTA Stock will be deemed effected for all purposes when certificates representing such shares have been delivered personally to the Grantee or, if delivery is by mail, when the stock transfer agent of the Company has deposited the certificates in the United States mail, addressed to the Grantee, or at the time the stock transfer agent initiates transfer of shares to a brokerage account through Depository Trust Company for the benefit of the Grantee, if applicable, and any cash payment will be deemed effected when a check from the Company, payable to the Grantee and in the amount equal to the amount of the cash payment, has been delivered personally to the Grantee or deposited in the United States mail, addressed to the Grantee.

7. Termination of Options.

A. o This Section 7.A will apply unless and until the Grantee makes a valid Vesting Continuation Election pursuant to the Agreement Regarding LINTA Awards and Section 5 of such agreement becomes applicable. If this Section 7.A is then applicable, the Options will terminate at the time specified below:

(a) If a Change in Control has not then occurred and the Grantee's Separation occurs prior to the Close of Business on December 31, 2014 (i) on account of a termination of the Grantee's employment for Cause or (ii) on account of a termination of the Grantee's [illegible]

(b) If (i) the Grantee's Separation does not occur prior to the Close of Business on December 31, 2014, (ii) a Change in Control occurs prior to the Grantee's Separation, or (iii) a Change in Control has not then occurred and the Grantee's Separation occurs (A) on account of a termination of the Grantee's employment without Cause, (B) on account of a termination of the Grantee's employment by the Grantee for Good Reason, or (C) by reason of the death or &ĞĎĽľ&Ď ľ

8. **Nontransferability**. During the Grantee's lifetime, the Options are not transferable (voluntarily or involuntarily) other than pursuant to a Domestic Relations Order and, except as otherwise required pursuant to a Domestic Relations Order, are exercisable only by the Grantee or the Grantee's court appointed legal representative. The Grantee may designate a beneficiary or beneficiaries to whom the Options will pass upon the Grantee's death and may change such designation from time to time by filing a written designation of beneficiary or beneficiaries with the Committee on the form annexed hereto as Exhibit B or such other form as may be prescribed by the Committee, provided that no such designation will be effective unless so filed prior to the death of the Grantee. If no such designation is made or if the designated beneficiary does not survive the Grantee's death, the Options will pass by will or the laws of descent and distribution. Following the Grantee's death, the Options, if otherwise exercisable, may be exercised by the person to whom such Option or right passes according to the foregoing and such person will be deemed the Grantee for purposes of any applicable provisions of this Agreement.

9. **Forfeiture for Misconduct and Repayment of Certain Amounts.** If (i) a material restatement of t

Signature Page to Amended and Restated Non-Qualified Stock Option Agreement (2007 Incentive Plan) dated effective as of September 23, 2011, between Liberty Interactive Corporation and Gregory B. Maffei.

LIBERTY INTERACTIVE CORPORATION

By: _________
Name: _________
Title: _________

Date:

Exhibit A
to
Amended and Restated Non-Qualified Stock Option Agreement (2007 Incentive Plan)
dated effective as of September 23, 2011 between Liberty Interactive Corporation and Grantee

[Copy of Liberty Interactive Corporation (f/k/a Liberty Media Corporation)
2007 Incentive Plan]

Exhibit B
to
Amended and Restated Non-Qualified Stock Option Agreement
(2007 Incentive Plan) dated effective as of September 23, 2011 between Liberty Interactive Corporation and Grantee

Designation of Beneficiary

I, _____________________________________ (the "Grantee"), hereby declare

that upon my death __________ (the "Beneficiary") of
Name

,

Street Address City State Zip Code

who is my ___________, will be entitled to the
Relationship to Grantee

Options and all other rights accorded the Grantee by the above-referenced grant agreement (the "Agreement").

It is understood that this Designation of Beneficiary is made pursuant to the Agreement and is subject to the conditions stated herein, including the Beneficiary's survival of the Grantee's death. If any such condition is not satisfied, such rights will devolve according to the Grantee's will or the laws of descent and distribution.

It is further understood that all prior designations of beneficiary under the Agreement are hereby revoked and that this Designation of Beneficiary may only be revoked in writing, signed by the Grantee, and filed with the Company prior to the Grantee's death.

________ __________

Date Grantee

Please return this form to:

Liberty Interactive Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112
Attn: Carla Williams

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 Exc d

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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 ended June 30, 2012 (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 8, 2012	/s/ GREGORY B. MAFFEI
	Gregory B. Maffei *President and Chief Executive Officer*
Date: August 8, 2012	/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

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, 2012

(unaudited)

amounts in millions

Liberty Interactive Corporation Net Assets	$	6,177
Reconciling items:		
LINT put option obligations		2
LINT LLC Net Assets	$	6,179
Liberty Interactive Corporation Net Earnings	$	354
Reconciling items:		
Unrealized gain on LINT put options		(1)
Liberty Interactive LLC Net Earnings	$	353