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 September 30, 2015

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 October 31, 2015 was:

	Series A	Series B
QVC Group	467,611,468	29,223,910
Liberty Ventures	134,782,953	7,092,111

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LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(unaudited)

	September 30, 2015	December 31, 2014
	amounts in millions	
Assets		
Current assets:		
Cash and cash equivalents	$ 2,546	2,306
Trade and other receivables, net of allowance for doubtful accounts of$81 million and $92 million, respectively	933	1,232
Inventory, net	1,232	1,049
Short term marketable securities (note 6)	908	889
Other current assets	73	72
Total current assets	5,692	5,548
Investments in available-for-sale securities and other cost investments (note 7)	1,339	1,224
Investments in affiliates, accounted for using the equity method (note 8)	1,506	1,633
Property and equipment, at cost	1,989	2,030
Accumulated depreciation	(955)	(937)
	1,034	1,093
Intangible assets not subject to amortization (note 9):		
Goodwill	5,267	5,404
Trademarks	2,453	2,489
	7,720	7,893
Intangible assets subject to amortization, net (note 9)	931	1,185
Other assets, at cost, net of accumulated amortization	63	65
Total assets	$ 18,285	18,641

(continued)

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Continued)

(unaudited)

	September 30, 2015	December 31, 2014
	amounts in millions, except share amounts	
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 752	735
Accrued liabilities	601	743
Current portion of debt (note 10)	894	946
Deferred income tax liabilities	1,068	972
Other current liabilities	261	343
Total current liabilities	3,576	3,739
Long-term debt, including $2,483 million and $2,574 million measured at fair value (note 10)	6,961	7,105
Deferred income tax liabilities	1,728	1,849
Other liabilities	218	168
Total liabilities	12,483	12,861
Equity		
Stockholders' equity (note 11):		
Preferred stock, $.01 par value. Authorized 50,000,000 shares; no shares issued	—	—
Series A QVC Group common stock, $.01 par value. Authorized 4,000,000,000 shares; issued and outstanding 430,983,268 shares at September 30, 2015 and 447,451,702 shares at December 31, 2014	5	5
Series B QVC Group common stock, $.01 par value. Authorized 150,000,000 shares; issued and outstanding 29,235,910 shares at September 30, 2015 and 28,877,554 shares at December 31, 2014	—	—
Series A Liberty Ventures common stock, $.01 par value. Authorized 400,000,000 shares at September 30, 2015 and 200,000,000 shares at December 31, 2014; issued and outstanding 134,711,938 shares at September 30, 2015 and 134,525,874 shares at December 31, 2014	1	1
Series B Liberty Ventures common stock, $.01 par value. Authorized 15,000,000 shares at September 30, 2015 and 7,500,000 shares at December 31, 2014; issued and outstanding 7,092,111 shares at September 30, 2015 and 6,991,127 shares at December 31, 2014	—	—
Additional paid-in capital	—	4
Accumulated other comprehensive earnings (loss), net of taxes	(189)	(94)
Retained earnings	5,887	5,757
Total stockholders' equity	5,704	5,673
Noncontrolling interests in equity of subsidiaries	98	107
Total equity	5,802	5,780
Commitments and contingencies (note 12)		
Total liabilities and equity	$ 18,285	18,641

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Operations

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	amounts in millions			
Total revenue, net	$ 2,153	2,330	6,619	7,247
Operating costs and expenses:				
Cost of sales (exclusive of depreciation shown separately below)	1,358	1,488	4,182	4,602
Operating	190	203	579	633
Selling, general and administrative, including stock-based compensation (note 4)	208	234	627	768
Impairment of intangible assets	—	—	—	7
Depreciation and amortization	150	166	479	493
	1,906	2,091	5,867	6,503
Operating income	247	239	752	744
Other income (expense):				
Interest expense	(88)	(99)	(273)	(292)
Share of earnings (losses) of affiliates, net (note 8)	31	36	121	38
Realized and unrealized gains (losses) on financial instruments, net (note 6)	70	18	98	(48)
Gains (losses) on dispositions, net (note 3)	(1)	—	110	—
Other, net	25	(38)	11	(28)
	37	(83)	67	(330)
Earnings (loss) from continuing operations before income taxes	284	156	819	414
Income tax (expense) benefit	(86)	(27)	(211)	(107)
Net earnings (loss) from continuing operations	198	129	608	307
Earnings (loss) from discontinued operations, net of taxes	—	10	—	48
Net earnings (loss)	198	139	608	355
Less net earnings (loss) attributable to the noncontrolling interests	8	19	33	76
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 190	120	575	279
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders:				
QVC Group common stock	$ 154	83	417	298
Liberty Ventures common stock	36	37	158	(19)
	$ 190	120	575	279
				(Continued)

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Operations (Continued)

(unaudited)

		Three months ended September 30,		Nine months ended September 30,	
		2015	**2014**	**2015**	**2014**
Basic net earnings (losses) from continuing operations attributable to Liberty Interactive Corporation shareholders per common share (note 5):					
Series A and Series B QVC Group common stock	$	0.33	0.18	0.89	0.64
Series A and Series B Liberty Ventures common stock	$	0.26	0.47	1.12	(0.45)
Diluted net earnings (losses) from continuing operations attributable to Liberty Interactive Corporation shareholders per common share (note 5):					
Series A and Series B QVC Group common stock	$	0.33	0.18	0.88	0.63
Series A and Series B Liberty Ventures common stock	$	0.25	0.46	1.10	(0.45)
Basic net earnings (losses) attributable to Liberty Interactive Corporation shareholders per common share (note 5):					
Series A and Series B QVC Group common stock	$	0.33	0.17	0.89	0.61
Series A and Series B Liberty Ventures common stock	$	0.26	0.51	1.12	(0.26)
Diluted net earnings (losses) attributable to Liberty Interactive Corporation shareholders per common share (note 5):					
Series A and Series B QVC Group common stock	$	0.33	0.17	0.88	0.60
Series A and Series B Liberty Ventures common stock	$	0.25	0.50	1.10	(0.26)

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Comprehensive Earnings (Loss)

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	amounts in millions			
Net earnings (loss)	$ 198	139	608	355
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	5	(117)	(76)	(98)
Unrealized holding gains (losses)	—	(1)	—	—
Share of other comprehensive earnings (losses) of equity affiliates	(4)	(5)	(19)	(5)
Share of other comprehensive earnings (losses) of discontinued operations	—	(21)	—	(2)
Other comprehensive earnings (loss)	1	(144)	(95)	(105)
Comprehensive earnings (loss)	199	(5)	513	250
Less comprehensive earnings (loss) attributable to the noncontrolling interests	10	(5)	33	74
Comprehensive earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 189	—	480	176
Comprehensive earnings (loss) attributable to Liberty Interactive Corporation shareholders:				
QVC Group common stock	$ 157	(22)	341	210
Liberty Ventures common stock	32	22	139	(34)
	$ 189	—	480	176

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Cash Flows

(unaudited)

	Nine months ended September 30, 2015	2014
	amounts in millions	
Cash flows from operating activities:		
Net earnings (loss)	$ 608	355
Adjustments to reconcile net earnings to net cash provided by operating activities:		
(Earnings) loss from discontinued operations	—	(48)
Depreciation and amortization	479	493
Stock-based compensation	81	71
Cash payments for stock-based compensation	(11)	(15)
Excess tax benefit from stock-based compensation	(22)	(11)
Share of (earnings) losses of affiliates, net	(121)	(38)
Cash receipts from returns on equity investments	42	31
Realized and unrealized (gains) losses on financial instruments, net	(98)	48
(Gains) losses on dispositions	(110)	—
Impairment of intangible assets	—	7
Loss on extinguishment of debt	21	48
Deferred income tax expense (benefit)	2	(67)
Other, net	(6)	3
Changes in operating assets and liabilities		
Current and other assets	(35)	165
Payables and other liabilities	(49)	66
Net cash provided (used) by operating activities	781	1,108
Cash flows from investing activities:		
Cash paid for acquisitions, net of cash acquired	(20)	—
Cash proceeds from dispositions of investments	271	40
Investments in and loans to cost and equity investees	(126)	(51)
Cash receipts from returns of equity investments	250	—
Capital expended for property and equipment	(164)	(142)
Purchases of short term and other marketable securities	(1,194)	(423)
Sales of short term and other marketable securities	1,180	358
Other investing activities, net	(48)	(12)
Net cash provided (used) by investing activities	149	(230)
Cash flows from financing activities:		
Borrowings of debt	1,956	3,233
Repayments of debt	(2,100)	(2,920)
Repurchases of Liberty Interactive common stock	(531)	(736)
Minimum withholding taxes on net settlements of stock-based compensation	(17)	(16)
Excess tax benefit from stock-based compensation	22	11
Other financing activities, net	(16)	(49)
Net cash provided (used) by financing activities	(686)	(477)
Net cash provided (used) by discontinued operations:		
Operating	—	273
Investing	—	(194)
Financing	—	371
Change in available cash held by discontinued operations	—	(116)
Net cash provided (used) by discontinued operations	—	334
Effect of foreign currency exchange rates on cash	(4)	(31)
Net increase (decrease) in cash and cash equivalents	240	704
Cash and cash equivalents at beginning of period	2,306	902
Cash and cash equivalents at end of period	$ 2,546	1,606

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statement Of Equity

(unaudited)

Nine months ended September 30, 2015

	Stockholders' Equity								Noncontrolling interest in equity of subsidiaries	Total equity
	Preferred stock	Common stock: QVC Group Series A	Common stock: QVC Group Series B	Common stock: Liberty Ventures Series A	Common stock: Liberty Ventures Series B	Additional paid-in capital	Accumulated other comprehensive earnings	Retained earnings		
	amounts in millions									
Balance at January 1, 2015	$ —	5	—	1	—	4	(94)	5,757	107	5,780
Net earnings (loss)	—	—	—	—	—	—	—	575	33	608
Other comprehensive earnings (loss)	—	—	—	—	—	—	(95)	—	—	(95)
Stock-based compensation	—	—	—	—	—	48	—	—	—	48
Series A QVC Group common stock repurchases	—	—	—	—	—	(531)	—	—	—	(531)
Stock issued upon exercise of stock options	—	—	—	—	—	29	—	—	—	29
Minimum withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	(17)	—	—	—	(17)
Excess tax benefit from stock-based compensation	—	—	—	—	—	22	—	—	—	22
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(42)	(42)
Reclassification (note 1)	—	—	—	—	—	445	—	(445)	—	—
Balance at September 30, 2015	$ —	5	—	1	—	—	(189)	5,887	98	5,802

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, 2014, 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. Additionally, certain prior period amounts have been reclassified for comparability with current period presentation. 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, 2014.

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.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued new accounting guidance on revenue from contracts with customers. The new guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated guidance will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a retrospective or cumulative effect transition method. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early application permitted. The Company has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its revenue recognition but does not believe that the standard will significantly impact its financial statements and related disclosures.

In April 2015, the FASB issued new accounting guidance on the presentation of debt issuance costs, which requires debt issuance costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the debt liability. The new guidance intends to simplify the presentation of debt issuance costs. In August 2015, the FASB issued new accounting guidance on the presentation or subsequent measurement of debt issuance costs related to line of credit arrangements, which provides that such cost may be presented as an asset and amortized ratably over the term of the line of credit arrangement, regardless of whether there are outstanding borrowings on the arrangement. The amendments in these new accounting standards are effective for financial statements issued for fiscal years beginning after December 15, 2015 and interim periods within those years. Early adoption is permitted for financial statements that have not been previously issued and retrospective application is required for each balance sheet presented. We plan to adopt this new guidance in the fourth quarter of 2015. The Company is evaluating the effect that the new guidance will have on its consolidated financial statements and related disclosures but other than a reclassification of deferred loan costs on the consolidated balance sheets, the Company does not believe that the standard will significantly impact its financial statements and related disclosures.

In July 2015, the FASB issued new accounting guidance that changes the measurement principle for inventory from the lower of cost or market to lower of cost and net realizable value. The new principle is part of the FASB’s simplification initiative and applies to entities that measure inventory using a method other than last-in, first-out (LIFO) or the retail inventory method. The new standard is effective for the Company for fiscal years and interim periods beginning after December 15, 2016. The Company has determined there is no significant effect of the standard on its ongoing financial reporting.

As a result of repurchases of Series A QVC Group common stock (formerly the Series A Liberty Interactive common stock), the Company's additional paid-in capital balance was in a deficit position as of September 30, 2015. In order to maintain a zero balance in the additional paid-in capital account, we reclassified the amount of the deficit ($445 million) for the nine months ended September 30, 2015 to retained earnings.

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.

Liberty has entered into certain agreements with Liberty Media Corporation ("LMC"), a separate publicly traded company, neither of which has any stock ownership, beneficial or otherwise, in the other, in order to govern relationships between the companies. These agreements include a Reorganization Agreement, Services Agreement, Facilities Sharing Agreement and Tax Sharing Agreement.

The Reorganization Agreement provides for, among other things, provisions governing the relationship between Liberty and LMC, 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 $3 million and $4 million for the three months ended September 30, 2015 and 2014, respectively, and $8 million and $9 million for the nine months ended September 30, 2015 and 2014, respectively, were reimbursable to LMC. Additionally, the Tax Sharing Agreement provides for the allocation and indemnification of tax liabilities and benefits between Liberty and LMC and other agreements related to tax matters.

(2) Tracking Stocks

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—QVC Group common stock and Liberty Ventures common stock, which are intended to track and reflect the economic performance of the QVC Group and the Ventures Group, respectively.

While the QVC 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 stock 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.

On October 3, 2014, Liberty announced that its board of directors approved the change in attribution from the QVC Group (referred to as the "Interactive Group" prior to the reattribution) to the Ventures Group of certain of its Digital Commerce companies (defined below) and cash, which was provided by QVC, Inc. ("QVC") as a result of a draw-down of QVC's credit facility. In return, holders of Liberty Interactive common stock received a dividend of approximately 67.7 million shares of Liberty Ventures common stock, or 0.14217 of a Liberty Ventures share for each share of Liberty

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

Interactive common stock outstanding on October 13, 2014, the record date of the dividend, with cash paid in lieu of fractional shares The distribution date for the dividend was October 20, 2014, and the Liberty Interactive common stock began trading ex-dividend on October 15, 2014. The reattributed Digital Commerce companies were comprised of Liberty's consolidated subsidiaries Backcountry.com ("Backcountry"), Bodybuilding.com, LLC, Provide Commerce, Inc. ("Provide"), CommerceHub, Evite, Inc. and LMC Right Start, Inc. (collectively, the "Digital Commerce" companies). The reattribution of the Digital Commerce companies is presented on a prospective basis from the date of the reattribution in Liberty's condensed consolidated financial statements and attributed financial information, with October 1, 2014 used as a proxy for the date of the reattribution. In connection with the reattribution, the Liberty Interactive tracking stock trading symbol "LINTA" was changed to "QVCA" and the "LINTB" trading symbol was changed to "QVCB," effective October 7, 2014. Other than the issuance of Liberty Ventures shares in the fourth quarter of 2014, the reattribution of tracking stock groups had no consolidated impact on Liberty. Effective June 4, 2015, the name of the "Liberty Interactive common stock" was changed to the "QVC Group common stock."

The term "QVC Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. Following the reattribution, the QVC Group is primarily comprised of our merchandise-focused televised-shopping programs, Internet and mobile application businesses and has attributed to it our wholly-owned subsidiaries, QVC and zulily (defined below) (as of October 1, 2015), and our approximate 38% interest in HSN, Inc., along with cash and certain liabilities that reside with QVC as well as certain liabilities related to our corporate indebtedness (see note 10) and certain deferred tax liabilities. As of September 30, 2015, the QVC Group has cash and cash equivalents of approximately $512 million, which includes subsidiary cash.

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. Following the reattribution, the Ventures Group is primarily comprised of our Digital Commerce businesses (see note 3 for discussion of disposed businesses) and interests in Expedia, Inc., FTD Companies, Inc. ("FTD"), Interval Leisure Group, Inc. and LendingTree, Inc., available-for-sale securities in Time Warner Inc. and Time Warner Cable Inc., as well as cash and cash equivalents of approximately $2,034 million at September 30, 2015. The Ventures Group also has attributed to it certain liabilities related to our Exchangeable Debentures (see note 10) 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.

In May 2015, Liberty announced its entry into an agreement with Liberty Broadband Corporation ("Liberty Broadband"), a separate publicly traded company, whereby Liberty will invest up to $2.4 billion in Liberty Broadband in connection with (and contingent upon) the closing of the proposed merger of Charter Communications, Inc. ("Charter") and Time Warner Cable Inc. ("TWC"). The proceeds of this investment will be used by Liberty Broadband to fund, in part, its agreement to acquire $4.3 billion of Charter stock. Liberty Broadband's acquisition will be made in support of (and contingent upon) the closing of the Charter-TWC merger. In connection with these transactions, it is expected that Charter will undergo a corporate reorganization, resulting in New Charter, a current subsidiary of Charter, becoming the publicly traded parent company. Liberty's investment in Liberty Broadband will be funded using cash and short term investments and will be attributed to the Ventures Group.

Liberty, along with third party investors, all of whom will invest on the same terms as Liberty, have agreed to purchase newly issued shares of Liberty Broadband Series C common stock (the "Series C Shares") at a per share price of $56.23, which was determined based upon the fair value of Liberty Broadband's net assets on a sum-of-the parts basis at the time the investment agreements were executed. In the aggregate, Liberty Broadband has entered into investment agreements with respect to $4.4 billion of its Series C Shares. Liberty's investment in Liberty Broadband is subject to customary closing conditions and funding will only occur upon the completion of the Charter-TWC merger. Liberty Broadband has received stockholder approval for the issuance of the Series C Shares in accordance with the rules and requirements of the Nasdaq Stock Market. Further, Liberty Broadband has the right, and may determine, to incur debt financing (subject to certain conditions) to fund a portion of the purchase price for its investment in New Charter, in which case Liberty Broadband may reduce the aggregate subscription for Series C Shares by up to 25%, with such reduction applied pro rata to all investors, including Liberty.

Liberty and Liberty Broadband have also entered into an agreement with Charter which provides that Liberty and Liberty Broadband will exchange, in a tax-free transaction, the shares of TWC common stock held by each company for shares of New Charter Class A common stock (subject to certain limitations). In addition, Liberty has also agreed to grant Liberty Broadband a proxy over the shares of New Charter stock it receives in the exchange, along with a right of first refusal with respect to the underlying New Charter stock.

As the outcome of the transaction with Liberty Broadband and the Charter-TWC merger are uncertain due to pending regulatory approvals, Liberty has not reflected any financial impacts in the condensed consolidated financial statements related to the respective agreements as of September 30, 2015.

On October 1, 2015, Liberty acquired all of the outstanding shares of zulily, inc. ("zulily") (now known as zulily, llc) for consideration of approximately $2.2 billion, comprised of $9.375 of cash and 0.3098 newly issued shares of QVCA for each zulily share, with cash paid in lieu of any fractional shares. Funding for the $1.2 billion cash portion of the consideration came from cash on hand at zulily and a distribution from QVC funded by a drawdown under its revolving credit facility (see note 10). zulily is an online retailer offering customers a fun and entertaining shopping experience with a fresh selection of new product styles launched each day. zulily is attributed to the QVC Group and we believe that its business is complementary to QVC's. Due to the timing of the transaction, Liberty's initial purchase price allocation for the acquisition of zulily has not been completed.

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

(3) Disposals

On August 27, 2014, Liberty completed the spin-off to holders of its Liberty Ventures common stock shares of its former wholly-owned subsidiary, Liberty TripAdvisor Holdings, Inc. ("TripAdvisor Holdings") (the "TripAdvisor Holdings Spin-Off"). TripAdvisor Holdings is comprised of Liberty's former 22% economic and 57% voting interest in TripAdvisor, Inc. as well as BuySeasons, Inc., Liberty's former wholly-owned subsidiary, and a corporate level net debt balance of $350 million. In connection with the TripAdvisor Holdings Spin-Off during August 2014, TripAdvisor Holdings drew down $400 million in margin loans and distributed approximately $350 million to Liberty. This transaction has been recorded at historical cost due to the pro rata nature of the distribution. Following the completion of the TripAdvisor Holdings Spin-Off, Liberty and TripAdvisor Holdings operate as separate, publicly traded companies, and neither has any stock ownership, beneficial or otherwise, in the other. The condensed consolidated financial statements of Liberty have been prepared to reflect TripAdvisor Holdings as discontinued operations. Accordingly, the revenue, costs and expenses, and cash flows of the businesses, assets and liabilities owned by TripAdvisor Holdings at the time of the TripAdvisor Holdings Spin-Off have been excluded from the respective captions in the accompanying condensed consolidated statements of operations, comprehensive earnings and cash flows in such condensed consolidated financial statements. Additionally, TripAdvisor, Inc. and BuySeasons, Inc. are no longer reflected in the segment financial information for all periods presented.

In connection with the TripAdvisor Holdings Spin-off, Liberty and TripAdvisor Holdings entered into a tax sharing agreement (the "Tax Sharing Agreement"). The Tax Sharing Agreement provides for the allocation and indemnification of tax liabilities and benefits between Liberty and TripAdvisor Holdings and other agreements related to tax matters. Among other things, pursuant to the Tax Sharing Agreement, TripAdvisor Holdings has agreed to indemnify Liberty, subject to certain limited exceptions, for losses and taxes resulting from the TripAdvisor Holdings Spin-Off to the extent such losses or taxes result primarily from, individually or in the aggregate, the breach of certain restrictive covenants made by TripAdvisor Holdings (applicable to actions or failures to act by TripAdvisor Holdings and its subsidiaries following the completion of the TripAdvisor Holdings Spin-Off).

In October 2014, the IRS completed its examination of the TripAdvisor Holdings Spin-Off and notified Liberty that it agreed with the nontaxable characterization of the transaction. Liberty executed a closing agreement with the IRS documenting this conclusion during the third quarter of 2015.

Certain combined financial information for TripAdvisor Holdings, which is included in earnings (loss) from discontinued operations, is as follows (amounts in millions, except per share amounts):

	Three months ended September 30, 2014	Nine months ended September 30, 2014
Revenue	$ 254	883
Earnings (loss) before income taxes	$ 13	68
Earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ (1)	(1)

Earnings per share of discontinued operations

The combined impact from discontinued operations, discussed above, is as follows:

	Three months ended September 30, 2014	Nine months ended September 30, 2014
Basic earnings (loss) from discontinued operations attributable to Liberty shareholders per common share (note 5):		
Series A and Series B QVC Group common stock	$ (0.01)	(0.03)
Series A and Series B Liberty Ventures common stock	$ 0.04	0.19
Diluted earnings (loss) from discontinued operations attributable to Liberty shareholders per common share (note 5):		
Series A and Series B QVC Group common stock	$ (0.01)	(0.03)
Series A and Series B Liberty Ventures common stock	$ 0.04	0.19

The assets and liabilities included in the TripAdvisor Holdings Spin-Off, and their resulting impacts on the attributed statements of operations, were included in discontinued operations based on which group owned the assets at the time of the TripAdvisor Holdings Spin-Off.

Provide was included in the Digital Commerce companies prior to the sale of Provide to FTD on December 31, 2014 in exchange for cash and shares of FTD common stock representing approximately 35% of the combined company(see note 8 for additional information related to this transaction). Subsequent to this transaction, the Company's interest in FTD, accounted for under the equity method, is included in the Digital Commerce companies. Given Liberty's significant continuing involvement with FTD, Provide is not presented as a discontinued operation in the Company's condensed consolidated financial statements.

On June 30, 2015, Liberty sold Backcountry for aggregate consideration, including assumption of debt, amounts held in escrow, and a noncontrolling interest, of approximately $350 million. The sale resulted in a $105 million gain, which is included in "Gains (losses) on dispositions, net" in the accompanying condensed consolidated statement of operations. Backcountry is included in the Digital Commerce companies through June 30, 2015 and is not presented as a discontinued operation as the sale did not represent a strategic shift that has a major effect on Liberty's operations and financial results. Included in revenue in the accompanying condensed consolidated statements of operations is $97 million for the three months ended September 30, 2014, and $227 million and $308 million for the nine months ended September 30, 2015 and 2014, respectively, related to Backcountry. Included in net earnings (loss) in the accompanying condensed consolidated statements of operations are losses of $2 million for the three months ended September 30, 2014, and losses of $3 million and $6 million for the nine months ended September 30, 2015 and 2014, respectively, related to Backcountry. Included in total assets in the accompanying condensed consolidated balance sheets as of December 31, 2014 is $323 million related to Backcountry.

(4) Stock-Based Compensation

The Company has granted to certain of its directors, employees and employees of its subsidiaries, stock appreciation rights ("SARs"), restricted stock, performance-based restricted stock units 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) 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 SARs 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 selling, general and administrative expenses in the accompanying condensed consolidated statements of operations are $37 million and $20 million of stock-based compensation during the three months ended September 30, 2015 and 2014, respectively, and $81 million and $71 million during the nine months ended September 30, 2015 and 2014, respectively.

During the nine months ended September 30, 2015, Liberty granted 2.0 million options to QVC employees to purchase shares of Series A QVC Group common stock. Such options had a weighted average grant-date fair value of $11.87 per share and vest semi-annually over 4 years.

In connection with a new compensation arrangement for QVC's CEO, Liberty also granted 1.7 million options to purchase shares of Series A QVC Group common stock. Such options had a weighted average grant-date fair value of $10.40 per share and vest 50% on each of December 31, 2019 and 2020.

Also during the nine months ended September 30, 2015, Liberty granted to Liberty employees 2.3 million and 652 thousand options to purchase shares of Series A QVC Group common stock and Series A Liberty Ventures common stock, respectively. Such options had a weighted average grant-date fair value of $11.79 and $18.27 per share, respectively, and each grant contains options that vest over two different periods, annually over three years and 50% on each of December 31, 2019 and 2020.

In connection with our CEO's employment agreement, Liberty also granted 132 thousand and 135 thousand performance-based options of Series B QVC Group common stock and Series B Liberty Ventures common stock, respectively, and 182 thousand and 13 thousand performance-based restricted stock units of Series B QVC Group common stock and Series B Liberty Ventures common stock, respectively. Such options had a fair value of $10.10 per share and $16.94 per share, respectively, at the time they were granted. The restricted stock units had a fair value of $29.41 per share and $42.33 per share, respectively, at the time they were granted. The options and restricted stock units cliff vest in one year, subject to satisfaction of certain performance objectives. Performance objectives, which are both objective and subjective, are considered in determining the timing and amount of the compensation expense recognized. As the satisfaction of the performance objectives becomes probable, the Company records compensation expense. The value of the subjective portion of the grant is remeasured at each reporting 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 and certain performance-based 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 QVC Group and Liberty Ventures common stock granted to certain officers, employees and directors of the Company.

	QVC Group			
	Series A (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2015	24,900	$ 17.49		
Granted	6,027	$ 28.15		
Exercised	(3,699)	$ 15.34		
Forfeited/Cancelled	(619)	$ 22.95		
Outstanding at September 30, 2015	26,609	$ 20.07	4.4 years	$ 177
Exercisable at September 30, 2015	15,381	$ 17.19	3.6 years	$ 140

	QVC Group			
	Series B (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2015	1,044	$ 24.78		
Granted	132	$ 29.41		
Exercised	(398)	$ 16.51		
Outstanding at September 30, 2015	778	$ 29.79	6.3 years	$ —
Exercisable at September 30, 2015	—	$ —	— years	$ —

	Liberty Ventures			
	Series A (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2015	3,997	$ 19.10		
Granted	652	$ 41.40		
Exercised	(376)	$ 19.91		
Forfeited/Cancelled	(3)	$ 26.57		
Outstanding at September 30, 2015	4,270	$ 22.43	4.2 years	$ 77
Exercisable at September 30, 2015	2,780	$ 18.76	3.5 years	$ 60

	Liberty Ventures					
	Series B (000's)		WAEP	Weighted average remaining life		Aggregate intrinsic value (millions)
Outstanding at January 1, 2015	1,507	$	36.24			
Granted	135	$	42.33			
Exercised	(100)	$	16.82			
Outstanding at September 30, 2015	1,542	$	38.04	6.3 years	$	4
Exercisable at September 30, 2015	—	$	—	— years	$	—

As of September 30, 2015, the total unrecognized compensation cost related to unvested Awards was approximately $124 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 3.1 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.

(5) 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 QVC Group Common Stock

Excluded from diluted EPS, for the three months ended September 30, 2015 and 2014, are 4 million and 2 million potential common shares, respectively, because their inclusion would be antidilutive. Excluded from diluted EPS, for the nine months ended September 30, 2015 and 2014, are 4 million and 2 million potential common shares, respectively, because their inclusion would be antidilutive.

	QVC Group Common Stock			
	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	number of shares in millions			
Basic EPS	460	477	467	486
Potentially dilutive shares	6	10	7	10
Diluted EPS	466	487	474	496

Series A and Series B Liberty Ventures Common Stock

Excluded from diluted EPS, for all periods presented, are less than a million potential common shares because their inclusion would be antidilutive.

	Liberty Ventures Common Stock			
	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	number of shares in millions			
Basic EPS	141	73	141	73
Potentially dilutive shares	2	1	2	1
Diluted EPS	143	74	143	74

(6) 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:

	Fair Value Measurements at September 30, 2015			Fair Value Measurements at December 31, 2014		
Description	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
	amounts in millions					
Cash equivalents	$2,367	2,367	—	2,147	2,147	—
Short term marketable securities	$ 908	334	574	889	277	612
Available-for-sale securities	$1,286	1,274	12	1,220	1,203	17
Debt	$2,483	—	2,483	2,574	—	2,574

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. The fair values for such instruments are derived from a typical model using observable market data as the significant inputs.

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 September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	amounts in millions			
Fair Value Option Securities	$ (78)	1	70	81
Exchangeable senior debentures	148	17	28	(129)
	$ 70	18	98	(48)

(7) 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 has historically 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:

	September 30, 2015	December 31, 2014
	amounts in millions	
QVC Group		
Other investments	$ 4	4
Total attributed QVC Group	4	4
Ventures Group		
Time Warner Inc.	302	375
Time Warner Cable Inc.	961	815
Other investments	72	30
Total attributed Ventures Group	1,335	1,220
Consolidated Liberty	$ 1,339	1,224

(8) 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 September 30, 2015 and the carrying amount at December 31, 2014:

	September 30, 2015			December 31, 2014
	Percentage ownership	Fair value (Level 1)	Carrying amount	Carrying amount
	dollar amounts in millions			
QVC Group				
HSN, Inc. (1)	38 %	$ 1,146	$ 159	328
Other	various	NA	45	47
Total QVC Group			204	375
Ventures Group				
Expedia, Inc.	18 %	$ 2,778	626	514
FTD Companies, Inc.	36 %	304	343	355
Other	various	NA	333	389
Total Ventures Group			1,302	1,258
Consolidated Liberty			$ 1,506	1,633

(1) As further discussed in note 10, HSN, Inc. ("HSNi") declared a special dividend during January 2015 of $10 per share from which Liberty received approximately $200 million in cash during February 2015. Accordingly, the carrying amount of Liberty's investment in HSNi was reduced by this return of our investment during the period.

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	amounts in millions			
QVC Group				
HSN, Inc.	$ 15	15	52	46
Other	(2)	(2)	(6)	(5)
Total QVC Group	13	13	46	41
Ventures Group				
Expedia, Inc.	45	38	125	42
FTD Companies, Inc. (1)	(14)	NA	(9)	NA
Other	(13)	(15)	(41)	(45)
Total Ventures Group	18	23	75	(3)
Consolidated Liberty	$ 31	36	121	38

(1) As discussed in note 3, on December 31, 2014, Liberty completed a transaction with FTD for Provide, which was one of Liberty's wholly-owned Digital Commerce businesses (as defined in note 2). Under the terms of the transaction, Liberty received approximately 10.2 million shares of FTD common stock representing approximately35% of the combined company and approximately $145 million in cash (the "FTD Transaction"). Subsequent to completion of the transaction, Liberty accounts for FTD as an equity-method affiliate based on the ownership level and board representation.

(9) Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

	QVC	Digital Commerce	Total
	amounts in millions		
Balance at January 1, 2015	$ 5,206	198	5,404
Foreign currency translation adjustments	(41)	—	(41)
Disposition (1)	—	(105)	(105)
Other	—	9	9
Balance at September 30, 2015	$ 5,165	102	5,267

(1) As discussed in note 3, Liberty sold Backcountry on June 30, 2015. Accordingly, the carrying amount of goodwill related to Backcountry was reduced to zero.

Intangible Assets Subject to Amortization

Amortization expense for intangible assets with finite useful lives was $115 million and $125 million for the three months ended September 30, 2015 and 2014, respectively, and $367 million and $374 million for the nine months ended September 30, 2015 and 2014, respectively. Based on its amortizable intangible assets as of September 30, 2015, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

Remainder of 2015	$ 102
2016	$ 447
2017	$ 296
2018	$ 39
2019	$ 13

(10) Long-Term Debt

Debt is summarized as follows:

	Outstanding principal at September 30, 2015	Carrying value September 30, 2015	Carrying value December 31, 2014
		amounts in millions	
QVC Group			
Corporate level debentures			
8.5% Senior Debentures due 2029	$ 287	285	285
8.25% Senior Debentures due 2030	505	501	501
1% Exchangeable Senior Debentures due 2043	346	362	444
Subsidiary level notes and facilities			
QVC 3.125% Senior Secured Notes due 2019	400	399	399
QVC 7.375% Senior Secured Notes due 2020	—	—	500
QVC 5.125% Senior Secured Notes due 2022	500	500	500
QVC 4.375% Senior Secured Notes due 2023	750	750	750
QVC 4.850% Senior Secured Notes due 2024	600	600	600
QVC 4.45% Senior Secured Notes due 2025	600	599	599
QVC 5.45% Senior Secured Notes due 2034	400	399	399
QVC 5.95% Senior Secured Notes due 2043	300	300	300
QVC Bank Credit Facilities	920	920	508
Other subsidiary debt	76	76	75
Total QVC Group debt	$ 5,684	5,691	5,860
Ventures Group			
Corporate level debentures			
4% Exchangeable Senior Debentures due 2029	$ 437	267	294
3.75% Exchangeable Senior Debentures due 2030	437	278	291
3.5% Exchangeable Senior Debentures due 2031	346	315	325
0.75% Exchangeable Senior Debentures due 2043	850	1,261	1,220
Subsidiary level notes and facilities	43	43	61
Total Ventures Group debt	$ 2,113	2,164	2,191
Total consolidated Liberty debt	$ 7,797	7,855	8,051
Less current classification		(894)	(946)
Total long-term debt		$ 6,961	7,105

QVC Senior Secured Notes

On April 15, 2015, QVC completed the redemption of $500 million principal amount of its 7.375% Senior Secured Notes due 2020, whereby holders received consideration of $1,036.88 for each $1,000 of principal tendered. As a result of the redemption, a $21 million extinguishment loss is included in "Other, net" in the accompanying condensed consolidated statement of operations for the nine months ended September 30, 2015.

QVC Bank Credit Facilities

On March 9, 2015, QVC entered into a second amended and restated senior secured credit agreement (the "Second Amended and Restated Credit Agreement") which is a multi-currency facility that provides for a $2.25 billion revolving credit facility with a $250 million sub-limit for standby letters of credit and $1.5 billion of uncommitted incremental revolving loan commitments or incremental term loans. QVC may elect that the loans extended under the senior secured credit facility bear interest at a rate per annum equal to the ABR or LIBOR, as each is defined in the senior secured credit facility agreement, plus a margin of 0.25% to 1.75% depending on various factors. Each loan may be prepaid in whole or in part without penalty at any time other than customary breakage costs. Any amounts prepaid on the revolving credit facility may be reborrowed. Payment of the loans may be accelerated following certain customary events of default. The senior secured credit facility is secured by the capital stock of QVC. The purpose of the amendment was to, among other things, extend the maturity of QVC's senior secured credit facility to March 9, 2020 and lower the interest rate on borrowings.

The interest rate on borrowings outstanding under the QVC Bank Credit Facilities was 1.7% at September 30, 2015. Availability under the Second Amended and Restated Credit Agreement at September 30, 2015 was $1.3 billion. Subsequent to September 30, 2015, QVC borrowed under the senior secured credit facility to fund a distribution of $910 million to Liberty to fund its purchase of zulily.

The Second Amended and Restated Credit Agreement contains certain affirmative and negative covenants, including certain restrictions on QVC and each of its restricted subsidiaries (subject to certain exceptions) with respect to, among other things: incurring additional indebtedness; creating liens on property or assets; making certain loans or investments; selling or disposing of assets; paying certain dividends and other restricted payments; dissolving, consolidating or merging; entering into certain transactions with affiliates; entering into sale or leaseback transactions; restricting subsidiary distributions; and limiting QVC's consolidated leverage ratio, which is defined in QVC's senior secured credit facility as the ratio of consolidated total debt to consolidated OIBDA for the most recent four fiscal quarter period.

Exchangeable Senior Debentures

Liberty has elected to account for the exchangeable senior debentures using the fair value option. Accordingly, changes in the fair value of these instruments are recognized as unrealized gains (losses) in the statements of operations. As of September 30, 2015 the balance of the 4% Exchangeable Senior Debentures due 2029, the 3.75% Exchangeable Senior Debentures due 2030 and the 3.5% Exchangeable Senior Debentures due 2031 have been classified as current because Liberty does not own shares to redeem the debentures. For the remaining exchangeables, Liberty reviews the terms of the debentures on a quarterly basis to determine whether a triggering event has occurred to require current classification of the exchangeables upon a call event.

As discussed in note 8, HSNi declared a special dividend during January 2015 of $10 per share from which Liberty received approximately $200 million in cash during February 2015. Pursuant to the terms of the 1% Exchangeable Senior Debentures due 2043 (the "HSNi Exchangeables"), a portion of the special dividend was passed through to the holders of the notes ($54 million) and the outstanding principal balance of the HSNi Exchangeables was reduced during March 2015. Additionally, HSNi declared cash dividends of $0.35 per share on March 9, 2015, June 1, 2015 and August 31, 2015. The portion of the quarterly dividend in excess of the regular cash dividend of $0.18 per share was passed through to bondholders during the first three quarters of 2015.

Debt Covenants

Liberty and QVC are in compliance with all debt covenants at September 30, 2015.

Other Subsidiary Debt

Other subsidiary debt at September 30, 2015 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 September 30, 2015 are as follows (amounts in millions):

Senior debentures	$ 803
QVC senior secured notes	$3,477

Due to the variable rate nature, Liberty believes that the carrying amount of its other debt, not discussed above, approximated fair value at September 30, 2015.

(11) Stockholders' Equity

At the Annual Meeting of Stockholders held on June 2, 2015, the Company's stockholders approved an amendment to the Restated Certificate of Incorporation that increased (i) the total number of shares of the Company's capital stock which the Company will have the authority to issue to 9,015 million shares, (ii) the number of shares of the Company's capital stock designated as "Common Stock" to 8,965 million shares and (iii) the number of shares of Common Stock designated as "Series A Liberty Ventures Common Stock," "Series B Liberty Ventures Common Stock" and "Series C Liberty Ventures Common Stock" to 400 million shares, 15 million shares and 400 million shares, respectively.

As of September 30, 2015, Liberty reserved for issuance upon exercise of outstanding stock options approximately 26.6 million shares of Series A QVC Group common stock, 778 thousand shares of Series B QVC Group common stock, 4.3 million shares of Series A Liberty Ventures common stock and 1.5 million shares of Series B Liberty Ventures common stock.

In addition to the Series A and Series B QVC Group and Liberty Ventures common stock, there are 4 billion shares of Series C QVC Group and 400 million shares of Series C Liberty Ventures common stock authorized for issuance. As of September 30, 2015, no shares of any Series C QVC Group or Liberty Ventures common stock were issued or outstanding.

On February 27, 2014, Liberty's board approved a two for one stock split of Series A and Series B Liberty Ventures common stock, effected by means of a dividend. The stock split was done in order to bring Liberty into compliance with a Nasdaq listing requirement regarding the minimum number of publicly held shares of the Series B Liberty Ventures common stock. In the stock split, a dividend was paid on April 11, 2014 of one share of Series A or Series B Liberty Ventures common stock to holders of each share of Series A or Series B Liberty Ventures common stock, respectively, held by them as of 5:00 pm, New York City time, on April 4, 2014. The stock split has been recorded retroactively for all periods presented for comparability purposes.

Additionally, as discussed in note 2, on October 3, 2014, Liberty attributed from the QVC Group to the Ventures Group its Digital Commerce companies. Holders of QVC Group common shares received 0.14217 of a Liberty Ventures share for each share of QVC Group common shares held, as of the record date. The shares issued and subsequently distributed to QVC Group common stock shareholders in the form of a dividend did not require retroactive treatment.

On October 1, 2015, in conjunction with the acquisition of zulily, as discussed in note 2, Liberty issued 38.5 million shares of Series A QVC Group Common Stock.

(12) 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.

(13) 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.

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 nine months ended September 30, 2015, Liberty has identified the following consolidated subsidiary as its reportable segment:

· QVC - a 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.

Additionally, for presentation purposes, Liberty is providing financial information of the Digital Commerce businesses on an aggregated basis. The consolidated Digital 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.

· Digital 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 active lifestyle gear and clothing (Backcountry), fitness and health goods (Bodybuilding), a drop-ship solutions company (CommerceHub), digital invitations (Evite), perishable and personal gift offerings (Provide), and products for infants and toddlers (Right Start). Due to the transactions discussed in note 3, the results of Provide are included in the Company's results through December 31, 2014 and the results of Backcountry are included through June 30, 2015.

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 are the same as those described in the Company's summary of significant accounting policies in the Annual Report on Form 10-K for the year ended December 31, 2014.

Performance Measures

	Three months ended September 30,			
	2015		2014	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
QVC Group				
QVC	$ 2,007	430	2,020	439
Digital Commerce	NA	NA	310	(2)
Corporate and other	—	(9)	—	(6)
Total QVC Group	2,007	421	2,330	431
Ventures Group				
Digital Commerce	146	17	NA	NA
Corporate and other	—	(4)	—	(6)
Total Ventures Group	146	13	—	(6)
Consolidated Liberty	$ 2,153	434	2,330	425

	Nine months ended September 30,			
	2015		2014	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
QVC Group				
QVC	$ 5,943	1,286	6,020	1,290
Digital Commerce	NA	NA	1,227	53
Corporate and other	—	(19)	—	(16)
Total QVC Group	5,943	1,267	7,247	1,327
Ventures Group				
Digital Commerce	676	58	NA	NA
Corporate and other	—	(13)	—	(12)
Total Ventures Group	676	45	—	(12)
Consolidated Liberty	$ 6,619	1,312	7,247	1,315

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

Other Information

	September 30, 2015		
	Total assets	Investments In affiliates	Capital expenditures
	amounts in millions		
QVC Group			
QVC	$ 12,141	45	132
Corporate and other	447	159	—
Total QVC Group	12,588	204	132
Ventures Group			
Digital Commerce	783	343	32
Corporate and other	5,120	959	—
Total Ventures Group	5,903	1,302	32
Inter-group eliminations	(206)	—	—
Consolidated Liberty	$ 18,285	1,506	164

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	amounts in millions			
Consolidated segment Adjusted OIBDA	$ 434	425	1,312	1,315
Stock-based compensation	(37)	(20)	(81)	(71)
Impairment of intangible assets	—	—	—	(7)
Depreciation and amortization	(150)	(166)	(479)	(493)
Interest expense	(88)	(99)	(273)	(292)
Share of earnings (loss) of affiliates, net	31	36	121	38
Realized and unrealized gains (losses) on financial instruments, net	70	18	98	(48)
Gains (losses) on dispositions, net	(1)	—	110	—
Other, net	25	(38)	11	(28)
Earnings (loss) before income taxes	$ 284	156	819	414

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 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;
- increased digital TV penetration and the impact on channel positioning of our programs;
- 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;
- domestic and international economic and business conditions and industry trends;
- consumer spending levels, including the availability and amount of individual consumer debt;
- 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 programming;
- rapid technological changes;
- failure to protect the security of personal information, subjecting us to potentially costly government enforcement actions and/or private litigation and reputational damage;
- the regulatory and competitive environment of the industries in which we operate;
- threatened terrorist attacks, political and economic unrest in international markets and ongoing military action around the world;
- Liberty's ability to complete its acquisition of Liberty Broadband's Series C Shares in connection with the Charter-TWC merger; and
- fluctuations in foreign currency exchange rates.

For additional risk factors, please see Part I, Item 1A of the Annual Report on Form 10-K for the year ended December 31, 2014. 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, 2014.

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. 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. On October 1, 2015 we acquired zulily, inc. (“zulily”) (now known as zulily, llc), an online retailer offering customers a fun and entertaining shopping experience with a fresh selection of new product styles launched every day. Additionally, we own entire or majority interests in consolidated subsidiaries which operate on-line commerce businesses in a broad range of retail categories (the “Digital Commerce” businesses). The more significant of these include Backcountry.com, Inc. (“Backcountry”) (through June 30, 2015), Bodybuilding.com, LLC ("Bodybuilding"), CommerceHub, Evite, Inc. ("Evite") and LMC Right Start, Inc. (“Right Start”). 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. Evite operates websites that offer invitations. CommerceHub provides a Software-as-a-Service platform for online retailers and their suppliers (manufacturers, and distributors) to sell products to consumers without physically owning inventory, or managing the fulfillment of those products. Right Start is a high-quality online and brick-and-mortar retailer of products for infants and toddlers.

Liberty’s former wholly-owned subsidiary, Provide Commerce, Inc. (“Provide”) was included in the Digital Commerce companies prior to the sale of Provide to FTD Companies, Inc. (“FTD”) on December 31, 2014 in exchange for cash and shares of FTD common stock representing approximately 35% of the combined company (the “FTD Transaction”). Provide operates an e-commerce marketplace of websites for perishable goods, including flowers, fruits and desserts, as well as upscale personalized gifts. FTD is a premier floral and gifting company that provides floral, gift and related products and services to consumers, retail florists, and other retail locations and companies in need of floral and gifting solutions. Subsequent to the FTD Transaction, Liberty accounts for FTD as an equity-method affiliate based on the ownership level and board representation and FTD is included in the Digital Commerce companies. Given Liberty’s significant continuing involvement with FTD, Provide is not presented as a discontinued operation in the Company’s condensed consolidated financial statements.

On June 30, 2015, Liberty sold Backcountry. Backcountry is included in the Digital Commerce businesses through June 30, 2015 and is not presented as a discontinued operation as the sale did not represent a strategic shift that has a major effect on Liberty’s operations and financial results.

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 LendingTree, 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. and Time Warner Cable Inc., which are accounted for at their respective fair market values and are included in "Corporate and Other."

As discussed in note 3 to the accompanying condensed consolidated financial statements, on August 27, 2014, Liberty completed the spin-off to holders of its Liberty Ventures common stock shares of its former wholly-owned subsidiary, Liberty TripAdvisor Holdings, Inc. (“TripAdvisor Holdings”) (the “TripAdvisor Holdings Spin-Off”). TripAdvisor Holdings is comprised of Liberty’s former 22% economic and 57% voting interest in TripAdvisor, Inc., as well as BuySeasons, Liberty’s former wholly-owned subsidiary, and a corporate level net debt balance of $350 million. The accompanying condensed consolidated financial statements of Liberty have been prepared to reflect TripAdvisor Holdings as discontinued operations. Accordingly, the revenue, costs and expenses, and cash flows of the businesses, assets and liabilities owned by TripAdvisor Holdings at the time of the TripAdvisor Holdings Spin-Off have been reclassified 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. Additionally, TripAdvisor, Inc. and BuySeasons, Inc. are no longer reflected in the segment financial information for all periods presented.

On October 3, 2014, Liberty reattributed from the QVC Group to the Ventures Group its Digital Commerce companies, which were valued at $1.5 billion, and approximately $1 billion in cash. In connection with the reattribution, each holder of Liberty Interactive common stock received 0.14217 of a share of the corresponding series of Liberty Ventures common stock for each share of Liberty Interactive common stock held as of the record date, with cash paid in lieu of fractional shares. The distribution date for the dividend was October 20, 2014, and the Liberty Interactive common stock began trading ex-dividend on October 15, 2014 which resulted in an aggregate of 67.7 million shares of Series A and Series B Liberty Ventures common stock being issued. The reattribution of the Digital Commerce companies is presented on a prospective basis from the date of the reattribution in Liberty's condensed consolidated financial statements and attributed financial information, with October 1, 2014 used as a proxy for the date of the reattribution. Other than the issuance of Liberty Ventures shares in the fourth quarter of 2014, the reattribution had no consolidated impact on Liberty. Effective June 4, 2015, the name of the "Liberty Interactive common stock" was changed to the "QVC Group 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. As of September 30, 2015, the Ventures Group is comprised of the Digital Commerce companies and our interests in Expedia, Inc., FTD, Interval Leisure Group, Inc., LendingTree, Inc., investments in Time Warner Inc. and Time Warner Cable Inc., as well as cash and cash equivalents in the amount of approximately $2,034 million. The Ventures Group also has attributed to it certain liabilities related to our corporate level indebtedness (see note 10 in the accompanying financial statements) 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 "QVC Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. As of September 30, 2015, the QVC Group is primarily focused on our video operating businesses and has attributed to it the remainder of our businesses and assets, including our operating subsidiary QVC as well as our 38% interest in HSN, Inc. and cash and cash equivalents of approximately $512 million, including subsidiary cash. The QVC Group has attributed to it liabilities that reside with QVC as well certain liabilities related to our corporate level indebtedness (see note 10 in the accompanying financial statements) and certain deferred tax liabilities. Effective October 1, 2015, zulily is included in the QVC Group.

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 Digital 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 September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	amounts in millions			
Revenue				
QVC Group				
QVC	$ 2,007	2,020	5,943	6,020
Digital Commerce	NA	310	NA	1,227
Total QVC Group	2,007	2,330	5,943	7,247
Ventures Group				
Digital Commerce	146	NA	676	NA
Total Ventures Group	146	—	676	—
Consolidated Liberty	$ 2,153	2,330	6,619	7,247
Adjusted OIBDA				
QVC Group				
QVC	$ 430	439	1,286	1,290
Digital Commerce	NA	(2)	NA	53
Corporate and other	(9)	(6)	(19)	(16)
Total QVC Group	421	431	1,267	1,327
Ventures Group				
Digital Commerce	17	NA	58	NA
Corporate and other	(4)	(6)	(13)	(12)
Total Ventures Group	13	(6)	45	(12)
Consolidated Liberty	$ 434	425	1,312	1,315
Operating Income (Loss)				
QVC Group				
QVC	$ 280	276	820	820
Digital Commerce	NA	(14)	NA	(16)
Corporate and other	(16)	(15)	(35)	(43)
Total QVC Group	264	247	785	761
Ventures Group				
Digital Commerce	(7)	NA	(11)	NA
Corporate and other	(10)	(8)	(22)	(17)
Total Ventures Group	(17)	(8)	(33)	(17)
Consolidated Liberty	$ 247	239	752	744

Revenue. Our consolidated revenue decreased 7.6% or $177 million and decreased 8.7% or $628 million for three and nine months ended September 30, 2015, respectively, as compared to the corresponding periods in the prior year. The decrease was primarily due to the deconsolidation of Provide as a result of the FTD Transaction ($72 million and $501 million for the three and nine month periods, respectively), sale of Backcountry ($97 million and $81 million for the three and nine month periods, respectively) and decreased revenue at QVC ($13 million and $77 million for the three and nine month periods, respectively), offset slightly by growth in revenue at the remaining Digital Commerce companies. 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 13 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 2.1% or $9 million and decreased 0.2% or $3 million for three and nine months ended September 30, 2015, respectively, as compared to the corresponding periods in the prior year. The increase in Adjusted OIBDA for the three months ended September 30, 2015 was primarily due to the deconsolidation of Provide as a result of the FTD transaction ($18 million) and growth at Bodybuilding, partially offset by a $9 million decrease at QVC. The decrease in Adjusted OIBDA for the nine months ended September 30, 2015 was primarily due to a decrease of $4 million at QVC, offset by growth in Adjusted OIBDA at the Digital Commerce Companies. 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 and performance-based restricted stock unit grants.

We recorded $37 million and $20 million of stock-based compensation for the three months ended September 30, 2015 and 2014, respectively. We recorded $81 million and $71 million of stock compensation for the nine months ended September 30, 2015 and 2014, respectively. As of September 30, 2015, the total unrecognized compensation cost related to unvested Liberty equity awards was approximately $124 million. Such amount will be recognized in our consolidated statements of operations over a weighted average period of approximately 3.1 years.

Operating income. Our consolidated operating income increased 3.3% or $8 million and increased 1.1% or $8 million for the three and nine months ended September 30, 2015, respectively, as compared to the corresponding periods in the prior year. The increase in operating income for the three months ended September 30, 2015 was primarily due to an increase in operating income at QVC of $4 million and growth at the Digital Commerce Companies. The increase in operating income for the nine months ended September 30, 2015 was primarily due to growth at the Digital Commerce Companies. 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 September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	amounts in millions			
Interest expense				
QVC Group	$ (70)	(80)	(215)	(235)
Ventures Group	(18)	(19)	(58)	(57)
Consolidated Liberty	$ (88)	(99)	(273)	(292)
Share of earnings (losses) of affiliates				
QVC Group	$ 13	13	46	41
Ventures Group	18	23	75	(3)
Consolidated Liberty	$ 31	36	121	38
Realized and unrealized gains (losses) on financial instruments, net				
QVC Group	$ 30	2	28	9
Ventures Group	40	16	70	(57)
Consolidated Liberty	$ 70	18	98	(48)
Gains (losses) on dispositions, net				
QVC Group	$ —	—	—	—
Ventures Group	(1)	—	110	—
Consolidated Liberty	$ (1)	—	110	—
Other, net				
QVC Group	$ 14	(46)	(9)	(46)
Ventures Group	11	8	20	18
Consolidated Liberty	$ 25	(38)	11	(28)
Consolidated Liberty other income (expense)	$ 37	(83)	67	(330)

Interest expense. Interest expense decreased $11 million or 11.1% and decreased $19 million or 6.5% for the three and nine months ended September 30, 2015, respectively, as compared to the corresponding periods in the prior year. The decrease in the QVC Group interest expense is attributable to QVC's refinancing activities resulting in a lower average interest rate

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	amounts in millions			
QVC Group				
HSN, Inc.	$ 15	15	52	46
Other	(2)	(2)	(6)	(5)
Total QVC Group	13	13	46	41
Ventures Group				
Expedia, Inc.	45	38	125	42
FTD	(14)	NA	(9)	NA
Other	(13)	(15)	(41)	(45)
Total Ventures Group	18	23	75	(3)
Consolidated Liberty	$ 31	36	121	38

During May of 2015, Expedia, Inc. sold its controlling interest in eLong Inc. The increase in Liberty's share of Expedia's earnings for the nine months ended September 30, 2015 as compared to the corresponding periods in the prior year is primarily due to the gain Expedia recognized related to the sale of eLong. The share of loss in the other category of the Ventures Group, in all periods, is primarily related to our investments 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 September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	amounts in millions			
Fair Value Option Securities	$ (78)	1	70	81
Exchangeable senior debentures	148	17	28	(129)
	$ 70	18	98	(48)

The changes in realized and unrealized gains (losses) on financial instruments are due to market activity through the period on the various financial instruments that are marked to market on a periodic basis.

Gains (losses) on dispositions, net. Gain on dispositions for the Ventures Group primarily relates to the sale of Backcountry on June 30, 2015, which resulted in a $105 million gain.

Other, net. Other, net for the QVC Group is primarily attributable to QVC's redemption of $500 million principal amountof its 7.375% Senior Secured Notes due 2020, whereby holders received consideration of $1,036.88 for each $1,000 of principal tendered. As a result of the redemption, a $21 million extinguishment loss was recorded for the nine months ended September 30, 2015. Other, net also includes the impact of foreign currency at QVC. Certain loans between QVC and its subsidiaries are deemed to be short-term in nature, and accordingly, the translation of these loans is recorded in the condensed consolidated statements of operations. The change in foreign currency gain (loss) was also due to variances in interest and operating payables balances between QVC and its international subsidiaries denominated in the currency of the subsidiary and the effects of currency exchange rate changes on those balances.

Income taxes. We had income tax expense of $86 million and $27 million for the three months ended September 30, 2015 and 2014, respectively, and tax expense of $211 million and $107 million for the nine months ended September 30, 2015 and 2014, respectively. Income tax expense was lower than the U.S. statutory tax rate of 35% in 2015 due to the receipt of a taxable dividend that under current U.S. tax law is subject to a dividends received deduction and to tax credits generated by our alternative energy investments. Income tax expense was lower than the U.S. statutory tax rate of 35% in 2014 due to tax credits generated by our alternative energy investments.

Net earnings. We had net earnings of $198 million and $139 million for the three months ended September 30, 2015 and 2014, respectively, and net earnings of $608 million and $355 million for the nine months ended September 30, 2015 and 2014, 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 QVC 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 September 30, 2015, substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, other government agencies, 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 such that, in the case of QVC, a leverage ratio (defined in QVC's senior secured credit facility as the ratio of consolidated total debt to consolidated OIBDA for the most recent four fiscal quarter period) of less than 3.5 to 1.0 must be maintained), 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 September 30, 2015, Liberty's liquidity position consisted of the following:

	Cash and cash equivalents	Marketable securities	Available-for-Sale Securities
		amounts in millions	
QVC	$ 363	—	—
Corporate and other	149	15	4
Total QVC Group	512	15	4
Digital Commerce	28	—	—
Corporate and other	2,006	893	1,335
Total Ventures Group	2,034	893	1,335
Total Liberty	$ 2,546	908	1,339

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. Additionally, we have borrowing capacity of $1.3 billion under the QVC credit facility at September 30, 2015. Subsequent to September 30, 2015, QVC borrowed under the credit facility to fund a distribution of $910 million to the Company to support its purchase of zulily. As of September 30, 2015, QVC had approximately $215 million of cash and cash equivalents held in foreign subsidiaries which certain tax consequences could reduce the amount of cash that would be available for domestic purposes.

Additionally, our operating businesses have generated, 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.

		Nine months ended September 30,	
		2015	2014
		amounts in millions	
Cash Flow Information			
QVC Group net cash provided (used) by operating activities	$	769	815
Ventures Group net cash provided (used) by operating activities		12	293
Net cash provided (used) by operating activities	$	781	1,108
QVC Group net cash provided (used) by investing activities		22	(189)
Ventures Group net cash provided (used) by investing activities		127	(41)
Net cash provided (used) by investing activities	$	149	(230)
QVC Group net cash provided (used) by financing activities		(697)	(443)
Ventures Group net cash provided (used) by financing activities		11	(34)
Net cash provided (used) by financing activities	$	(686)	(477)

QVC Group

During the nine months ended September 30, 2015, the QVC Group uses of cash were primarily the repayment of certain debt obligations of approximately $1,638 million and the repurchase of Series A QVC Group common stock of $531 million. Additionally, the QVC Group had approximately $132 million of capital expenditures during the nine months ended September 30, 2015. These uses of cash were funded by cash provided by operating activities, additional borrowings of debt and the receipt of approximately $200 million in cash from a special dividend declared by HSNi. Approximately $54 million in cash from the special dividend received from HSNi was passed through to the HSNi exchangeable bond holders.

The projected uses of QVC Group cash for the remainder of 2015 are the cost to service outstanding debt, approximately $30 million in interest payments on QVC and corporate level debt, anticipated capital improvement spending of approximately $70 million and the continued buyback of QVC Group common stock under the approved share buyback program. In addition, on October 1, 2015, approximately $1.2 billion in cash from the QVC Group was used to fund Liberty's acquisition of zulily (see note 2 in the accompanying financial statements).

Ventures Group

During the nine months ended September 30, 2015, the Ventures Group uses of cash were primarily the purchase of short term and other marketable securities and the investment in cost and equity investees. These uses of cash for the Ventures Group were funded by proceeds from dispositions, the refinancing of certain debt obligations, the sale of short term and other marketable securities, and intergroup tax receipts.

The projected uses of Ventures Group cash for the remainder of 2015 are approximately $10 million in interest payments to service outstanding debt, anticipated capital improvement spending of approximately $10 million and further investments in existing or new businesses through continued investment activity. In addition, subject to the satisfaction of the applicable closing conditions, cash from the Liberty Ventures Group is expected to be used to fund Liberty's $2.4 billion investment in Liberty Broadband (see note 2 in the accompanying financial statements).

Consolidated

During the nine months ended September 30, 2015, Liberty's primary uses of cash were $2.1 billion of repayments on outstanding debt and repurchases of Series A QVC Group common stock of $531 million. These activities were funded primarily from borrowings of $2.0 billion, cash provided by operating activities and cash on hand.

The projected uses of Liberty cash for the remainder of 2015 are the continued capital improvement spending of approximately $80 million for the remainder of the year, the repayment of certain debt obligations, approximately $40 million for interest payments on outstanding debt, the potential buyback of common stock under the approved share buyback program and additional investments in existing or new businesses. On October 1, 2015, approximately $1.2 billion in cash from the QVC Group was used to fund Liberty's acquisition of zulily (see note 2 in the accompanying financial statements). Subject to the satisfaction of the applicable closing conditions, we expect to invest up to $2.4 billion in Liberty Broadband (see note 2 in the accompanying financial statements). 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 per day, 364 days per year ("QVC-U.S."). Internationally, QVC's program services are based in Germany ("QVC-Germany"), Japan ("QVC-Japan"), the United Kingdom ("QVC-U.K.") and Italy ("QVC-Italy"). QVC-Germany distributes its program 24 hours per day with 17 hours of live programming, QVC-Japan distributes live programming 24 hours per day and QVC-U.K. distributes its program 24 hours per day with 16 hours of live programming. Effective March 9, 2015, QVC-U.K. reduced its total live programming from 17 hours to 16 hours by distributing recorded programming during the 1 am to 2 am hour. QVC-Italy distributes programming live for 17 hours per day on satellite and digital terrestrial television and an additional seven hours per day of recorded programming on satellite and seven hours per day of general interest programming on digital terrestrial television.

In June 2015, QVC expanded its global presence into France ("QVC-France"), launching its website on June 23, 2015 followed by the launch of television programming on August 1, 2015. On weekdays, QVC-France distributes programming live foreight hours per day, and an additional 14 hours per day of recorded programming and two hours per day of general interestprogramming. On weekends, QVC-France distributes programming live for 12 hours per day, and an additional 10 hours per day of recorded programming and two hours per day of general interest programming.

QVC's Japanese operations are conducted through a joint venture with Mitsui & Co., LTD ("Mitsui") in Japan. QVC-Japan is owned 60% by QVC and 40% by Mitsui. QVC and Mitsui share in all profits and losses based on their respective ownership interests. During the nine months ended September 30, 2015 and 2014, QVC-Japan paid dividends to Mitsui of $20 million and $25 million, respectively.

Additionally, QVC also has a joint venture with CNR Media Group, formerly known as China Broadcasting Corporation, a limited liability company owned by China National Radio ("CNR"). QVC owns a 49% interest in a CNR subsidiary, CNR Home Shopping Co., Ltd. ("CNRS"). CNRS operates a retail business in China through a shopping television channel with an associated website. Live programming is distributed for 17 hours per day and recorded programming for seven hours per day. This joint venture is accounted for as an equity method investment recorded in share of earnings (losses) of affiliates, net in the condensed consolidated statements of operations.

QVC's operating results were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	amounts in millions			
Net revenue	$ 2,007	2,020	5,943	6,020
Costs of goods sold	1,266	1,266	3,721	3,772
Gross profit	741	754	2,222	2,248
Operating expenses:				
Operating	174	178	517	536
SG&A expenses (excluding stock-based compensation)	137	137	419	422
Adjusted OIBDA	430	439	1,286	1,290
Stock-based compensation	9	16	24	34
Depreciation	33	34	101	100
Amortization of intangible assets	108	113	341	336
Operating income	$ 280	276	820	820

Net revenue was generated in the following geographical areas:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	amounts in millions			
QVC-U.S.	$ 1,420	1,368	4,168	4,025
QVC-Germany	199	229	602	706
QVC-Japan	192	216	590	673
QVC-U.K.	168	173	497	516
QVC-Italy	28	34	86	100
Consolidated QVC	$ 2,007	2,020	5,943	6,020

QVC's consolidated net revenue decreased 0.6% and 1.3% for the three and nine months ended September 30, 2015 as compared to the corresponding periods in the prior year. The three month decrease in net revenue of $13 million was primarily comprised of $91 million in unfavorable foreign currency rates in all countries, an increase in estimated product returns of $25 million primarily in the U.S. and Germany, a decrease in shipping and handling revenue of $14 million, and a decrease in other revenue of $5 million primarily in the U.S. These amounts were partially offset by $89 million due to a 4.0% increase in units sold and $33 million due to a 1.4% increase in the consolidated average selling price per unit ("ASP"). The nine month decrease in net revenue of $77 million was primarily comprised of $296 million in unfavorable foreign currency rates in all countries, an increase in estimated product returns of $78 million primarily in the U.S. and Germany, a decrease in shipping and handling revenue of $49 million, and a decrease in other revenue of $11 million primarily in the U.S. These amounts were partially offset by $230 million due to a 3.4% increase in units sold and $127 million due to a 1.8% increase in the consolidated ASP.

For both the three and nine month periods ended September 30, 2015, the increase in estimated product returns in the U.S. and Germany was primarily due to the sales increases and a shift in the product mix. As expected, shipping and handling revenue decreased in the U.S. as a result of QVC's new shipping and handling pricing which became effective February 2, 2015 that provides for changes in standard shipping rates and a change in QVC’s shipping and handling refund policy.

During the three and nine months ended September 30, 2015, 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 continues to strengthen 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 September 30, 2015		Nine months ended September 30, 2015	
	U.S. Dollars	Local currency	U.S. Dollars	Local currency
QVC-U.S.	3.8 %	3.8 %	3.6 %	3.6 %
QVC-Germany	(13.1)%	3.0 %	(14.7)%	3.5 %
QVC-Japan	(11.1)%	4.8 %	(12.3)%	3.0 %
QVC-U.K.	(2.9)%	5.3 %	(3.7)%	5.2 %
QVC-Italy	(17.6)%	2.4 %	(14.0)%	5.1 %

QVC-U.S. net revenue growth for the three and nine month periods ended September 30, 2015 was primarily due to a 5.2% and 4.1% increase in units shipped and a 0.8% and 1.6% increase in ASP, offset by the increase in estimated product returns and lower shipping and handling revenue as discussed in the above paragraph. For the both the three and nine month periods ended September 30, 2015, QVC-U.S. experienced shipped sales growth in the apparel, accessories, home and beauty categories offset by declines in electronics and jewelry. For the three months ended September 30, 2015, QVC-Germany experienced shipped sales growth in local currency primarily in the apparel, jewelry and home categories offset by declines primarily in the electronics category. For the nine months ended September 30, 2015, QVC-Germany experienced shipped sales growth in local currency in all categories except electronics. For both the three and nine month periods ended September 30, 2015, QVC-Japan's shipped sales in local currency increased primarily in the home and beauty categories partially offset by declines in accessories, apparel and electronics. For both the three and nine monthperiods ended September 30, 2015, QVC-U.K.'s shipped sales growth in local currency increased primarily in the jewelry and apparel categories offset by declines primarily in electronics. For the three months ended September 30, 2015, QVC-Italy's shipped sales growth in local currency increased primarily in the electronics, accessories and beauty categories offset by declines in jewelry. For the nine months ended September 30, 2015, QVC-Italy's shipped sales growth in local currency increased primarily in the beauty, apparel and accessories categories offset by declines in electronics and jewelry.

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 increased spending from existing customers. 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 36.9% and 37.4% for the three and nine months ended September 30, 2015, respectively, compared to 37.3% for each of the three and nine month periods ended September 30, 2014. For the three months ended September 30, 2015, the gross profit percentage decreased primarily in the U.S. due to increased obsolescence and freight costs partially offset by improved product margins. For the nine months ended September 30, 2015, the gross profit percentage remained relatively stable compared to the prior period.

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 $4 million or 2.2% and decreased $19 million or 3.5% for the three and nine months ended September 30, 2015, respectively.

For the three months ended September 30, 2015, operating expenses decreased due to foreign currency exchange rate impacts of $10 million, partially offset by a $3 million increase in commissions, a $2 million increase in credit card processing fees, and a $1 million increase in customer service expenses. For the nine months ended September 30, 2015, operating expenses decreased due to foreign currency exchange rate impacts of $33 million, partially offset by a $8 million increase in commissions and a $6 million increase in credit card processing fees.

For the three months ended September 30, 2015, the increase in commission expenses was primarily dueto increased sales in the U.S. The increase in customer service expenses was primarily due to increased personnel costs. For the nine months ended September 30, 2015, the increase in commissions was due to increased sales in the U.S. and higher programming distribution expenses in Japan. For both the three and nine month periods ended September 30, 2015, the increase in credit card processing fees was due to increased sales 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 remained flat for the three months ended September 30, 2015 compared to the prior year and decreased $3 million for the nine months ended September 30, 2015 compared to the prior year. SG&A expenses as a percent of net revenue remained flat at 6.8% and increased from 7.0% to 7.1% for the three and nine months endedSeptember 30, 2015, respectively, as compared to the three and nine months ended September 30, 2014.

For the three months ended September 30, 2015, the positive impact of foreign currency exchange rates was offset byincreases in personnel costs which was a result of staffing for the France start-up and an increase in bonus and merit primarily in Germany and Japan. For the nine months ended September 30, 2015, the decrease was primarily due to the positive impact of foreign currency exchange rates and an increase in credit card income due to favorable economics of the Q-Card portfolio in the U.S. offset by increases in personnel costs. The increase in personnel costs was primarily due to an increase in bonus, benefit and merit primarily in the U.S. and Japan, an increase in severance costs primarily in the U.S., and staffing for the France start-up.

Depreciation and amortization consisted of the following:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	amounts in millions			
Affiliate agreements	$ 36	37	109	113
Customer relationships	43	43	128	129
Acquisition related amortization	79	80	237	242
Property and equipment	33	34	101	100
Software amortization	19	22	72	65
Channel placement amortization and related expenses	10	11	32	29
Total depreciation and amortization	$ 141	147	442	436

Digital Commerce businesses. Our Digital Commerce businesses are comprised primarily of Backcountry (through June 30, 2015, see discussion below), Bodybuilding, CommerceHub, Evite, Provide (through December 31, 2014, see discussion below), and Right Start. Revenue for the Digital Commerce businesses is seasonal due to certain holidays and seasons, which drive a significant portion of the Digital Commerce businesses' revenue. The third quarter is generally lower, as compared to the other three quarters, due to fewer holidays.

As discussed above, on October 3, 2014, Liberty reattributed from the QVC Group (formerly known as the Interactive Group prior to the reattribution) to the Ventures Group its Digital Commerce companies, which were valued at $1.5 billion, and approximately $1 billion in cash. The results of the Digital Commerce businesses are reflected in the Ventures Group prospectively from the date of the reattribution. The results of the Digital Commerce businesses below reflects the consolidated results of the Digital Commerce businesses, as included in the QVC Group for the three and nine months ended September 30, 2014 and the Ventures Group for the three and nine months ended September 30, 2015. Additionally, due to the FTD Transaction on December 31, 2014, Provide's results are not included in the consolidated results for the three and nine months ended September 30, 2015. On June 30, 2015, Liberty sold Backcountry. In order to better understand the results of the remaining Digital Commerce businesses we have disclosed Provide's and Backcountry's financial performance separately. As discussed in note 3 in the condensed consolidated financial statements, Provide and Backcountry have not been presented as discontinued operations.

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	amounts in millions			
Revenue				
Digital Commerce businesses - continuing	$ 146	141	448	418
Disposed businesses	—	169	228	809
	$ 146	310	676	1,227
Adjusted OIBDA				
Digital Commerce businesses - continuing	$ 17	14	51	44
Disposed businesses	—	(16)	7	9
	$ 17	(2)	58	53
Operating Income (Loss)				
Digital Commerce businesses - continuing	$ (7)	6	(3)	3
Disposed businesses	—	(20)	(8)	(19)
	$ (7)	(14)	(11)	(16)

Digital Commerce businesses - continuing. Revenue for the continuing consolidated Digital Commerce businesses increased $5 million and $30 million for three and nine months ended September 30, 2015, respectively, as compared to the corresponding periods in the prior year. The increase in revenue was due to increases at most of our subsidiaries, the most significant being Bodybuilding ($15 million for the nine month period) and CommerceHub ($5 million and $16 million for the three and nine month periods, respectively). The increase in Bodybuilding revenue for the nine month period was primarily due to increased order volume, driven by increased unique website visitors, on slightly decreased average order values. Decreased average order values were primarily due to decreases in international sales, which typically have higher average order values, and also a continued shift from desktop to mobile sales, which have slightly lower average order values. CommerceHub revenue growth was primarily attributed to an acquisition during the first quarter of 2015 and growth in active customers (vendors and suppliers), which increased the number of aggregate transactions processed through the CommerceHub platform.

Adjusted OIBDA for the continuing Digital Commerce businesses increased $3 million and $7 million for the three and nine months ended September 30, 2015, respectively, as compared to the corresponding periods in the prior year. Adjusted OIBDA as a percentag e of revenue was slightly higher, representing 11.6% and 11.4% for the three and nine months ended September 30, 2015, respectively, as compared to 9.9% and 10.5% during the same periods in 2014.

Operating results for the continuing Digital Commerce businesses decreased $13 million and $6 million for three and nine months ended September 30, 2015, respectively, as compared to the corresponding periods in the prior year. The decrease is primarily due to increases in stock-based compensation expense.

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 September 30, 2015, 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			
QVC Group				
QVC	$ 920	1.7 %	$ 3,626	4.6 %
Corporate and other	$ —	— %	$ 1,138	6.1 %
Ventures Group				
Corporate and other	$ 34	2.5 %	$ 2,079	2.5 %

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 September 30, 2015, the fair value of our AFS equity securities was $1,286 million. Had the market price of such securities been 10% lower at September 30, 2015, the aggregate value of such securities would have been $128.6 million lower. Our investments in Expedia, Inc., HSN, Inc. and FTD Companies, 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 $4,228 million at September 30, 2015 and had the market price of such securities been 10%

lower at September 30, 2015, the aggregate value of such securities would have been $423 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 decreases 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.

Disclosure 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 not effective as of September 30, 2015 because of the continued material weakness in our internal control over financial reporting as discussed in more detail in our Form 10-K for the year ended December 31, 2014 under Part II, Item 9A. Management has begun implementation of the remediation plan described in our 10-K for the year ended December 31, 2014 and updated below to address this material weakness and is monitoring that implementation.

Changes in Internal Control over Financial Reporting

During the third quarter of 2015, we continued to review the design of QVC's controls, made adjustments and continued implementing controls to alleviate the noted control deficiencies. In addition, QVC has substantially completed the implementation of a new suite of products to automate and better control user access. Other than these items, there has been no change in the Company's internal control over financial reporting that occurred during the three months ended September 30, 2015 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Remediation Plan for Material Weakness in Internal Control over Financial Reporting

In response to the material weakness identified in Management's Report on Internal Control over Financial Reporting as set forth in Part II, Item 9A in our Form 10-K for the year ended December 31, 2014, the Company and QVC have developed a plan with oversight from the Audit Committee of the Board of Directors to remediate the material weakness. The remediation efforts to be implemented include the following:

- Establish a more comprehensive review and approval process at QVC for authorizing user access to information technology systems and monitoring user access to ensure that all information technology controls designed to restrict access to operating systems, applications and data, and the ability to make program changes, are operating in a manner that provides the Company and QVC with assurance that such access is properly restricted to the appropriate personnel.
- Evaluate responsibilities to provide for appropriate segregation of duties among the personnel.
- Develop and implement adequate training for QVC's personnel to reinforce pre-established and new information technology controls and their financial reporting objectives enabling a better understanding of the internal control environment to improve our ability to detect and prevent potential deficiencies.
- Engage external experts to assess and improve financial application access rights to optimize appropriate segregation of duties.

Throughout the process, the Company and QVC management have been closely monitoring the implementation of these initiatives and have been making necessary changes to the overall design to ensure operational effectiveness. As described above, QVC has substantially completed the implementation of a new suite of products to automate and better control user access and testing controls QVC has put into place. These steps are critical to the successful execution of management's remediation initiatives. Under the direction of the Audit Committee of the Board of Directors, the Company's and QVC's management will continue to review and make necessary changes to the overall design of QVC's internal control environment to improve the overall effectiveness of internal control over financial reporting.

Once fully implemented, the Company and QVC believe the foregoing efforts will effectively remediate the material weakness. Because the reliability of the internal control process requires repeatable execution, the successful remediation of this material weakness will require review and evidence of effectiveness prior to concluding that the controls are effective and there is no assurance that additional remediation steps will not be necessary.

Although no assurance can be given as to when the remediation plan will be fully completed, the Company and QVC believe that controls have been designed and implemented to substantially remediate its noted information technology general control deficiencies. Testing to evaluate the operating effectiveness of QVC's information technology general controls will occur during the fourth quarter of 2015.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

Two putative class action complaints were filed in the Court of Chancery of the State of Delaware on August 27, 2015 and September 21, 2015, respectively. The first complaint was filed against Liberty, Mocha Merger Sub, Inc. ("Purchaser"), Ziggy Merger Sub, LLC ("Merger Sub 2"), zulily, inc. ("zulily") and members of the zulily board of directors, and the second complaint was filed against Liberty, Purchaser, Merger Sub 2, zulily, members of the zulily board of directors, and Goldman Sachs. Both lawsuits allege that: (i) the members of the zulily board of directors breached their fiduciary duties to zulily stockholders in connection with the transactions (collectively, the "Transaction") contemplated by the Agreement and Plan of Reorganization, dated August 16, 2015, by and among Liberty, Purchaser, Merger Sub 2 and zulily (the "Reorganization Agreement") and (ii) Liberty, Purchaser and Merger Sub 2 and, in the case of the second complaint, Goldman Sachs, aided and abetted such breaches of fiduciary duties. The suits seek, among other things: (i) certification as a class action; (ii) an order enjoining the Transaction; (iii) rescission of the Reorganization Agreement, or any terms thereof, to the extent already implemented or granting of rescissory damages; and (iv) an award of the costs and disbursements of the action, including reasonable attorneys' and experts' fees.

Additionally, Patrick Pisano, Karan Jugal and Scott Mao, purported stockholders of zulily, filed putative class action complaints in the United States District Court for the Western District of Washington on September 3, 2015, September 9, 2015 and September 15, 2015, respectively, against zulily, members of the zulily board of directors, Liberty, Purchaser and Merger Sub 2 for violations of the Exchange Act relating to the filing by zulily of an allegedly materially incomplete and misleading Solicitation/Recommendation Statement on Schedule 14D-9 with the SEC on September 1, 2015. The suit seeks, among other things: (i) certification as a class action; (ii) an order enjoining defendants from consummating the Offer (as defined in the Reorganization Agreement); (iii) rescission of the proposed transaction, or any terms thereof, to the extent already implemented, or granting of rescissory damages; and (iv) an award of the costs and disbursements of the action, including reasonable attorneys' and experts' fees. The defendants believe the allegations are without merit.

On September 23, 2015, zulily, members of the zulily board of directors, Liberty, Purchaser and Ziggy Merger Sub, LLC entered into a memorandum of understanding in connection with the actions captioned Patrick Pisano, et al. v. Zulily, Inc., et al., Case No. 15-cv-01424, Karan Jugal, et al. v. Zulily, Inc., et al., Case No. 15-cv-01447 and Scott Mao, et al. v. Zulily, Inc., et al., Case No. 15-cv-01479 (collectively, the "Federal Actions"), pending in the United States District Court for the Western District of Washington at Seattle (the "District Court"), and the actions captioned Harry Jackson, et al. v. Zulily, Inc., et al., Case No. 11440 and Krishna Mada, et al. v. Zulily, Inc., et al., Case No. 11529, pending in the Court of Chancery of the State of Delaware (the "Delaware Actions," and together with the Federal Actions, the "Actions"), which sets forth an agreement in principle providing for a settlement of the Federal Actions and the claims in the Delaware Actions based on allegations that the Schedule 14D-9 filed by zulily in connection with the zulily acquisition is materially misleading and/or omits certain information (the "Delaware Disclosure Claims"). If the District Court approves the settlement as contemplated by the memorandum of understanding, the Federal Actions and the Delaware Disclosure Claims will be dismissed with prejudice on a class-wide basis. However, the memorandum of understanding has not yet been filed with the District Court or the Court of Chancery. Claims in the Delaware Actions based on the alleged insufficiency of the transaction consideration and the zulily board of directors' sale process are not being settled. As part of the settlement, zulily agreed to make certain additional disclosures related to the Offer and the mergers, which are set forth in Amendment No. 5 to the Schedule 14D-9. Defendants in the Actions deny all of the allegations made by the plaintiffs. Nevertheless, Liberty and defendants in the Actions have agreed to settle in order to avoid the burden and expense of further litigation.

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

Share Repurchase Programs

On several occasions our board of directors has authorized a share repurchase program for our Series A and Series B QVC Group 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 remained effective following the LMC Split-Off, notwithstanding the fact that the Liberty Interactive common stock ceased to be a tracking stock during the period following the LMC Split-Off and prior to the creation of our

Liberty Ventures common 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 each of October 30, 2012 and February 27, 2014, the board authorized the repurchase of an additional $1 billion of Series A and Series B Liberty Interactive common stock. In connection with the TripAdvisor Holdings Spin-Off during August 2014, the board authorized $350 million for the repurchase of either the QVC Group or Liberty Ventures tracking stocks. In October 2014, the board authorized the repurchase of an additional $650 million of Series A and Series B Liberty Ventures common stock. In August 2015, the board authorized the repurchase of an additional $1 billion of Series A or Series B QVC Group common stock.

A summary of the repurchase activity for the three months ended September 30, 2015 is as follows:

	Series A QVC Group 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**
July 1 - 31, 2015	4,565,486	$ 28.30	4,565,486	$ 228 million
August 1 - 31, 2015	867,365	$ 28.83	867,365	$ 1,203 million
September 1 - 30, 2015	—	$ —	—	$ 1,203 million
Total	5,432,851		5,432,851	

In addition to the shares listed in the table above, 8,687 shares of Series A QVC Group common stock and 1,696 shares of Series A Liberty Ventures common stock were surrendered by certain of our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock during the three months ended September 30, 2015.

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):

2.1	Agreement and Plan of Reorganization, dated as of August 16, 2015, by and among Liberty Interactive Corporation, zulily, inc., Mocha Merger Sub, Inc., and Ziggy Merger Sub, LLC (incorporated by reference to Exhibit 2.1 to zulily, inc.'s Current Report on Form 8-K (File No. 001-36188), as filed on August 17, 2015) (the "Reorganization Agreement").
3.1	Amended and Restated Bylaws of Liberty Interactive Corporation (incorporated by reference to Exhibit 3.1 to Liberty Interactive Corporation's Current Report on Form 8-K (File No. 001-33982) as filed on August 6, 2015).
10.1	Tender and Support Agreement, dated as of August 16, 2015, by and among Darrell Cavens, Mark Vadon, Liberty Interactive Corporation, Mocha Merger Sub, Inc. and zulily, inc. (incorporated by reference to Exhibit 99.1 to zulily, inc.'s Current Report on Form 8-K (File No. 001-36188), as filed on August 17, 2015).
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**
99.3	List of Omitted Schedules and Exhibits to the Reorganization Agreement (incorporated by reference to Exhibit 99.1 to Liberty Interactive Corporation's Current Report on Form 8-K (File No. 001-33982) as filed on August 19, 2015).
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: November 4, 2015	By:	/s/ GREGORY B. MAFFEI
		Gregory B. Maffei *President and Chief Executive Officer*
Date: November 4, 2015	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):

2.1	Agreement and Plan of Reorganization, dated as of August 16, 2015, by and among Liberty Interactive Corporation, zulily, inc., Mocha Merger Sub, Inc., and Ziggy Merger Sub, LLC (incorporated by reference to Exhibit 2.1 to zulily, inc.'s Current Report on Form 8-K (File No. 001-36188), as filed on August 17, 2015) (the "Reorganization Agreement").
3.1	Amended and Restated Bylaws of Liberty Interactive Corporation (incorporated by reference to Exhibit 3.1 to Liberty Interactive Corporation's Current Report on Form 8-K (File No. 001-33982) as filed on August 6, 2015).
10.1	Tender and Support Agreement, dated as of August 16, 2015, by and among Darrell Cavens, Mark Vadon, Liberty Interactive Corporation, Mocha Merger Sub, Inc. and zulily, inc. (incorporated by reference to Exhibit 99.1 to zulily, inc.'s Current Report on Form 8-K (File No. 001-36188), as filed on August 17, 2015).
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*
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* Filed herewith

** Furnished herewith

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: November 4, 2015

/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: November 4, 2015

/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 ended September 30, 2015 (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: November 4, 2015	/s/ GREGORY B. MAFFEI Gregory B. Maffei *President and Chief Executive Officer*
Date: November 4, 2015	/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

The following tables present our assets and liabilities as of September 30, 2015, revenue and expenses for three and nine months ended September 30, 2015 and 2014 and cash flows for the nine months ended September 30, 2015 and 2014. The tables further present our assets, liabilities, revenue, expenses and cash flows that are attributed to the QVC Group and the Ventures Group, respectively. The financial information in this Exhibit should be read in conjunction with our unaudited condensed consolidated financial statements for the nine months ended September 30, 2015 included in this Quarterly Report on Form 10-Q.

As discussed in note 2 to the accompanying condensed consolidated financial statements, on October 3, 2014, the QVC Group (referred to as the "Interactive Group" prior to the reattribution) attributed to the Ventures Group its Digital Commerce companies (defined below), which were valued at $1.5 billion, and approximately $1 billion in cash. In return, Liberty Interactive common stock shareholders received a dividend of approximately 67.7 million shares of Liberty Ventures common stock, or 0.14217 of a Liberty Ventures share for each share of Liberty Interactive common stock outstanding on October 13, 2014, the record date of the dividend. The distribution date for the dividend was October 20, 2014, and the Liberty Interactive common stock began trading ex-dividend on October 15, 2014. The reattributed Digital Commerce companies were comprised of Liberty's consolidated subsidiaries Backcountry.com ("Backcountry"), Bodybuilding.com, LLC, CommerceHub, Evite.com, Provide Commerce, Inc. ("Provide") and Right Start (collectively, the "Digital Commerce" companies). Following the reattribution, the name of the Interactive Group is now referred to as the QVC Group. Other than the issuance of Liberty Ventures shares in the fourth quarter of 2014, the reattribution had no consolidated impact on Liberty. The reattribution is reflected in Liberty's condensed consolidated financial statements and attributed financial information on a prospective basis, with October 1, 2014 used as a proxy for the date of the reattribution.

Additionally, as discussed in note 3 and note 8 of the accompanying condensed consolidated financial statements, Liberty's former wholly-owned subsidiary, Provide, was included in the Digital Commerce companies prior to the sale to FTD Companies, Inc. ("FTD") on December 31, 2014, in exchange for cash and shares of FTD common stock representing approximately 35% of the combined company. Subsequent to this transaction, the Company's interest in FTD, accounted for under the equity method, is included in the Digital Commerce companies. Given Liberty's significant continuing involvement with FTD, Provide is not presented as a discontinued operation in the Company's condensed consolidated financial statements.

As discussed in note 3 of the accompanying condensed consolidated financial statements, Liberty sold Backcountry, a Digital Commerce company attributed to the Ventures Group, on June 30, 2015. Backcountry is not presented as a discontinued operation as the sale did not represent a strategic shift that has a major effect on Liberty's operations and financial results.

The QVC Group common stock is intended to reflect the separate performance of our QVC Group which, subsequent to the reattribution, is comprised of our consolidated subsidiaries, QVC, Inc. ("QVC") and zulily (defined below) (as of October 1, 2015), and our approximate 38% interest in HSN, Inc. The Liberty Ventures common stock is intended to reflect the separate performance of our Ventures Group which, subsequent to the reattribution, consists of our Digital Commerce businesses and our interests in equity method investments of Expedia, Inc., FTD, Interval Leisure Group, Inc. and LendingTree, Inc. and available-for-sale securities Time Warner Inc. and Time Warner Cable Inc.

Notwithstanding the following attribution of assets, liabilities, revenue, expenses and cash flows to the QVC 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 QVC Group 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 QVC Group common stock and Liberty Ventures common stock does not affect the rights of our creditors or creditors of our subsidiaries.

SUMMARY ATTRIBUTED FINANCIAL DATA

QVC Group

		September 30, 2015	December 31, 2014
		amounts in millions	
Summary balance sheet data:			
Cash and cash equivalents	$	512	422
Trade and other receivables, net	$	876	1,196
Inventory	$	1,166	882
Investments in affiliates, accounted for using the equity method	$	204	375
Total assets	$	12,588	13,012
Long-term debt	$	5,682	5,851
Deferred income tax liabilities	$	926	1,033
Net assets attributable to Liberty Interactive common stock shareholders	$	4,155	4,280

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	amounts in millions			
Summary operations data:				
Revenue	$ 2,007	2,330	5,943	7,247
Cost of sales	1,266	1,488	3,721	4,602
Operating expenses	174	203	517	633
Selling, general and administrative expenses (1)	162	226	478	751
Impairment of intangible assets	—	—	—	7
Depreciation and amortization	141	166	442	493
Operating income (loss)	264	247	785	761
Interest expense	(70)	(80)	(215)	(235)
Share of earnings (losses) of affiliates, net	13	13	46	41
Realized and unrealized gains (losses) on financial instruments, net	30	2	28	9
Other income (expense), net	14	(46)	(9)	(46)
Income tax benefit (expense)	(89)	(41)	(193)	(190)
Net earnings (loss) from continuing operations	162	95	442	340
Net earnings (loss) from discontinued operations	—	(4)	—	(15)
Net earnings (loss)	162	91	442	325
Less net earnings (loss) attributable to noncontrolling interests	8	8	25	27
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 154	83	417	298

(1) Includes stock-based compensation of $16 million and $18 million for the three months ended September 30, 2015 and 2014, respectively, and $40 million and $66 million for the nine months ended months ended September 30, 2015 and 2014, respectively.

SUMMARY ATTRIBUTED FINANCIAL DATA (Continued)

Ventures Group

		September 30, 2015	December 31, 2014
		amounts in millions	
Summary balance sheet data:			
Cash and cash equivalents	$	2,034	1,884
Investments in available-for-sale securities and other cost investments	$	1,335	1,220
Investments in affiliates, accounted for using the equity method	$	1,302	1,258
Total assets	$	5,903	5,828
Long-term debt, including current portion	$	2,164	2,191
Deferred income tax liabilities, including current portion	$	2,076	1,987
Net assets attributable to Liberty Ventures common stock shareholders	$	1,549	1,393

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	amounts in millions			
Summary operations data:				
Revenue	$ 146	—	676	—
Cost of sales	92	—	461	—
Operating, including stock-based compensation	16	—	62	—
Selling, general and administrative expenses (1)	46	8	149	17
Depreciation and amortization	9	—	37	—
Operating income (loss)	(17)	(8)	(33)	(17)
Interest expense	(18)	(19)	(58)	(57)
Share of earnings (losses) of affiliates, net	18	23	75	(3)
Realized and unrealized gains (losses) on financial instruments, net	40	16	70	(57)
Gains (losses) on dispositions, net	(1)	—	110	—
Other, net	11	8	20	18
Income tax benefit (expense)	3	14	(18)	83
Net earnings (loss) from continuing operations	36	34	166	(33)
Net earnings (loss) from discontinued operations	—	14	—	63
Net earnings (loss)	36	48	166	30
Less net earnings (loss) attributable to noncontrolling interests	—	11	8	49
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 36	37	158	(19)

(1) Includes stock-based compensation of $21 million and $2 million for the three months ended September 30, 2015 and 2014, respectively, and $41 million and $5 million for the nine months ended September 30, 2015 and 2014, respectively.

BALANCE SHEET INFORMATION

September 30, 2015

(unaudited)

	Attributed (note 1) QVC Group	Attributed (note 1) Ventures Group	Inter-group Eliminations	Consolidated Liberty
	amounts in millions			
Assets				
Current assets:				
Cash and cash equivalents	$ 512	2,034	—	2,546
Trade and other receivables, net	876	57	—	933
Inventory, net	1,166	66	—	1,232
Short-term marketable securities	15	893	—	908
Other current assets	271	8	(206)	73
Total current assets	2,840	3,058	(206)	5,692
Investments in available-for-sale securities and other cost investments (note 2)	4	1,335	—	1,339
Investments in affiliates, accounted for using the equity method (note 3)	204	1,302	—	1,506
Property and equipment, net	997	37	—	1,034
Intangible assets not subject to amortization	7,594	126	—	7,720
Intangible assets subject to amortization, net	892	39	—	931
Other assets, at cost, net of accumulated amortization	57	6	—	63
Total assets	$ 12,588	5,903	(206)	18,285
Liabilities and Equity				
Current liabilities:				
Intergroup payable (receivable) (note 7)	$ 48	(48)	—	—
Accounts payable	722	30	—	752
Accrued liabilities	564	37	—	601
Current portion of debt (note 4)	9	885	—	894
Current deferred tax liabilities	—	1,274	(206)	1,068
Other current liabilities	171	90	—	261
Total current liabilities	1,514	2,268	(206)	3,576
Long-term debt (note 4)	5,682	1,279	—	6,961
Deferred income tax liabilities	926	802	—	1,728
Other liabilities	205	13	—	218
Total liabilities	8,327	4,362	(206)	12,483
Equity/Attributed net assets (liabilities)	4,155	1,549	—	5,704
Noncontrolling interests in equity of subsidiaries	106	(8)	—	98
Total liabilities and equity	$ 12,588	5,903	(206)	18,285

STATEMENT OF OPERATIONS INFORMATION

Three months ended September 30, 2015

(unaudited)

	Attributed (note 1) QVC Group	Attributed (note 1) Ventures Group	Consolidated Liberty
	amounts in millions		
Total revenue, net	$ 2,007	146	2,153
Operating costs and expenses:			
Cost of sales	1,266	92	1,358
Operating, including stock-based compensation (note 5)	174	16	190
Selling, general and administrative, including stock-based compensation (note 5)	162	46	208
Depreciation and amortization	141	9	150
	1,743	163	1,906
Operating income (loss)	264	(17)	247
Other income (expense):			
Interest expense	(70)	(18)	(88)
Share of earnings (losses) of affiliates, net (note 3)	13	18	31
Realized and unrealized gains (losses) on financial instruments, net	30	40	70
Gains (losses) on dispositions, net (note 1)	—	(1)	(1)
Other, net	14	11	25
	(13)	50	37
Earnings (loss) before income taxes	251	33	284
Income tax benefit (expense)	(89)	3	(86)
Net earnings (loss)	162	36	198
Less net earnings (loss) attributable to noncontrolling interests	8	—	8
Net earnings (loss) attributable to Liberty stockholders	$ 154	36	190

STATEMENT OF OPERATIONS INFORMATION

Three months ended September 30, 2014

(unaudited)

	Attributed (note 1)		
	QVC Group	**Ventures Group**	**Consolidated Liberty**
	amounts in millions		
Total revenue, net	$ 2,330	—	2,330
Operating costs and expenses:			
Cost of sales	1,488	—	1,488
Operating, including stock-based compensation	203	—	203
Selling, general and administrative, including stock-based compensation (note 5)	226	8	234
Depreciation and amortization	166	—	166
	2,083	8	2,091
Operating income (loss)	247	(8)	239
Other income (expense):			
Interest expense	(80)	(19)	(99)
Share of earnings (losses) of affiliates, net (note 3)	13	23	36
Realized and unrealized gains (losses) on financial instruments, net	2	16	18
Other, net	(46)	8	(38)
	(111)	28	(83)
Earnings (loss) from continuing operations before income taxes	136	20	156
Income tax benefit (expense)	(41)	14	(27)
Net earnings (loss) from continuing operations	95	34	129
Earnings (loss) from discontinued operations, net of taxes	(4)	14	10
Net earnings (loss)	91	48	139
Less net earnings (loss) attributable to noncontrolling interests	8	11	19
Net earnings (loss) attributable to Liberty stockholders	$ 83	37	120

STATEMENT OF OPERATIONS INFORMATION

Nine months ended September 30, 2015

(unaudited)

	Attributed (note 1)		
	QVC Group	Ventures Group	Consolidated Liberty
	amounts in millions		
Total revenue, net	$ 5,943	676	6,619
Operating costs and expenses:			
Cost of sales	3,721	461	4,182
Operating, including stock-based compensation (note 5)	517	62	579
Selling, general and administrative, including stock-based compensation (note 5)	478	149	627
Depreciation and amortization	442	37	479
	5,158	709	5,867
Operating income (loss)	785	(33)	752
Other income (expense):			
Interest expense	(215)	(58)	(273)
Share of earnings (losses) of affiliates, net (note 3)	46	75	121
Realized and unrealized gains (losses) on financial instruments, net	28	70	98
Gains (losses) on dispositions, net (note 1)	—	110	110
Other, net	(9)	20	11
	(150)	217	67
Earnings (loss) before income taxes	635	184	819
Income tax benefit (expense)	(193)	(18)	(211)
Net earnings (loss)	442	166	608
Less net earnings (loss) attributable to noncontrolling interests	25	8	33
Net earnings (loss) attributable to Liberty stockholders	$ 417	158	575

STATEMENT OF OPERATIONS INFORMATION

Nine months ended September 30, 2014

(unaudited)

	Attributed (note 1) QVC Group	Attributed (note 1) Ventures Group	Consolidated Liberty
	amounts in millions		
Total revenue, net	$ 7,247	—	7,247
Operating costs and expenses:			
Cost of sales	4,602	—	4,602
Operating, including stock-based compensation	633	—	633
Selling, general and administrative, including stock-based compensation (note 5)	751	17	768
Impairment of intangible assets	7	—	7
Depreciation and amortization	493	—	493
	6,486	17	6,503
Operating income (loss)	761	(17)	744
Other income (expense):			
Interest expense	(235)	(57)	(292)
Share of earnings (losses) of affiliates, net (note 3)	41	(3)	38
Realized and unrealized gains (losses) on financial instruments, net	9	(57)	(48)
Other, net	(46)	18	(28)
	(231)	(99)	(330)
Earnings (loss) from continuing operations before income taxes	530	(116)	414
Income tax benefit (expense)	(190)	83	(107)
Net earnings (loss) from continuing operations	340	(33)	307
Earnings (loss) from discontinued operations, net of taxes	(15)	63	48
Net earnings (loss)	325	30	355
Less net earnings (loss) attributable to noncontrolling interests	27	49	76
Net earnings (loss) attributable to Liberty stockholders	$ 298	(19)	279

STATEMENT OF CASH FLOWS INFORMATION

Nine months ended September 30, 2015

(unaudited)

	Attributed (note 1) QVC Group	Ventures Group	Consolidated Liberty
	amounts in millions		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings (loss)	$ 442	166	608
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	442	37	479
Stock-based compensation	40	41	81
Cash payments for stock based compensation	—	(11)	(11)
Excess tax benefit from stock based compensation	(17)	(5)	(22)
Share of (earnings) losses of affiliates, net	(46)	(75)	(121)
Cash receipts from return on equity investments	21	21	42
Realized and unrealized gains (losses) on financial instruments, net	(28)	(70)	(98)
(Gains) losses on dispositions	—	(110)	(110)
Loss on extinguishment of debt	21	—	21
Deferred income tax (benefit) expense	(103)	105	2
Other, net	(5)	(1)	(6)
Intergroup tax allocation	90	(90)	—
Intergroup tax (payments) receipts	(51)	51	—
Changes in operating assets and liabilities			
Current and other assets	(39)	4	(35)
Payables and other current liabilities	2	(51)	(49)
Net cash provided (used) by operating activities	769	12	781
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash paid for acquisitions	—	(20)	(20)
Cash proceeds from dispositions	—	271	271
Investments in and loans to cost and equity investees	(4)	(122)	(126)
Cash receipts from returns of equity investments	200	50	250
Capital expended for property and equipment	(132)	(32)	(164)
Purchases of short term and other marketable securities	(154)	(1,040)	(1,194)
Sales of short term and other marketable securities	160	1,020	1,180
Other investing activities, net	(48)	—	(48)
Net cash provided (used) by investing activities	22	127	149
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of debt	1,470	486	1,956
Repayments of debt	(1,638)	(462)	(2,100)
Repurchases of Liberty common stock	(531)	—	(531)
Minimum withholding taxes on net settlements of stock-based compensation	(17)	—	(17)
Excess tax benefit from stock-based compensation	17	5	22
Other financing activities, net	2	(18)	(16)
Net cash provided (used) by financing activities	(697)	11	(686)
Effect of foreign currency rates on cash	(4)	—	(4)
Net increase (decrease) in cash and cash equivalents	90	150	240
Cash and cash equivalents at beginning of period	422	1,884	2,306
Cash and cash equivalents at end period	$ 512	2,034	2,546

STATEMENT OF CASH FLOWS INFORMATION

Nine months ended September 30, 2014

(unaudited)

	Attributed (note 1)		
	QVC Group	Ventures Group	Consolidated Liberty
	amounts in millions		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings (loss)	$ 325	30	355
Adjustments to reconcile net earnings to net cash provided by operating activities:			
(Earnings) loss from discontinued operations	15	(63)	(48)
Depreciation and amortization	493	—	493
Stock-based compensation	66	5	71
Cash payments for stock based compensation	(13)	(2)	(15)
Excess tax benefit from stock-based compensation	(10)	(1)	(11)
Share of losses (earnings) of affiliates, net	(41)	3	(38)
Cash receipts from return on equity investments	13	18	31
Realized and unrealized gains (losses) on financial instruments, net	(9)	57	48
Impairment of intangible assets	7	—	7
Loss on extinguishment of debt	48	—	48
Deferred income tax (benefit) expense	(146)	79	(67)
Other, net	2	1	3
Intergroup tax allocation	158	(158)	—
Intergroup tax (payments) receipts	(330)	330	—
Changes in operating assets and liabilities			
Current and other assets	166	(1)	165
Payables and other current liabilities	71	(5)	66
Net cash provided (used) by operating activities	815	293	1,108
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash proceeds from dispositions	—	40	40
Investments in and loans to cost and equity investees	(3)	(48)	(51)
Capital expended for property and equipment	(142)	—	(142)
Purchases of short term and other marketable securities	(59)	(364)	(423)
Sales of short term and other marketable securities	43	315	358
Other investing activities, net	(28)	16	(12)
Net cash provided (used) by investing activities	(189)	(41)	(230)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of debt	3,233	—	3,233
Repayments of debt	(2,910)	(10)	(2,920)
Repurchases of Liberty Interactive common stock	(736)	—	(736)
Minimum withholding taxes on net settlements of stock-based compensation	(16)	—	(16)
Excess tax benefit from stock-based compensation	10	1	11
Reattribution of subsidiary	25	(25)	—
Other financing activities, net	(49)	—	(49)
Net cash provided (used) by financing activities	(443)	(34)	(477)
Net cash provided (used) by discontinued operations:			
Operating	(20)	293	273
Investing	—	(194)	(194)
Financing	3	368	371
Change in available cash held by discontinued operations	3	(119)	(116)
Net cash provided (used) by discontinued operations	(14)	348	334
Effect of foreign currency rates on cash	(31)	—	(31)
Net increase (decrease) in cash and cash equivalents	138	566	704
Cash and cash equivalents at beginning of period	595	307	902
Cash and cash equivalents at end period	$ 733	873	1,606

(1) At September 30, 2015, the QVC Group is comprised of our consolidated subsidiary, QVC, and our approximate 38% interest in HSN, Inc., accounted for under the equity method. Accordingly, the accompanying attributed financial information for the QVC Group includes the foregoing investment, as well as the assets, liabilities, revenue, expenses and cash flows of QVC. We have also attributed certain of our debt obligations (and related interest expense) to the QVC Group based upon a number of factors, including the cash flow available to the QVC Group and its ability to pay debt service and our assessment of the optimal capitalization for the QVC Group. The specific debt obligations attributed to each of the QVC Group and the Ventures Group are described in note 4 below. In addition, we have allocated certain corporate general and administrative expenses among the QVC Group and the Ventures Group as described in note 5 below.

At September 30, 2015, the QVC Group is primarily focused on our merchandise-focused televised shopping programs, Internet and mobile application 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 QVC Group.

At September 30, 2015, the Ventures Group consists of all of our businesses not included in the QVC Group including our Digital Commerce businesses and interests in equity method investments of Expedia, Inc., Interval Leisure Group, Inc., FTD and LendingTree, 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 as well as the assets, liabilities, revenue, expenses and cash flows of the Digital Commerce businesses. 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.

As discussed in note 2 to the accompanying condensed consolidated financial statements, Liberty entered into an agreement with Liberty Broadband Corporation (“Liberty Broadband”), whereby Liberty will invest up to $2.4 billion in Liberty Broadband in connection with the closing of the proposed merger of Charter Communications, Inc. and Time Warner Cable Inc. The proceeds of this investment will be used by Liberty Broadband to fund, in part, its agreement to acquire $4.3 billion of Charter stock. However, Liberty Broadband has the right, and may determine, to incur debt financing (subject to certain conditions) to fund a portion of the purchase price for its investment in Charter, in which case Liberty Broadband may reduce the aggregate subscription for its Series C shares by up to 25%, with such reduction applied pro rata to all investors, including Liberty. Liberty's investment in Liberty Broadband will be funded using cash on hand and short term investments and will be attributed to the Ventures Group.

As discussed in note 2 to the accompanying condensed consolidated financial statements, On October 1, 2015, Liberty acquired all of the outstanding shares of zulily, inc. (“zulily”) (now known as zulily, llc) for consideration of approximately $2.2 billion, comprised of $9.375 of cash and 0.3098 newly issued shares of QVCA for each zulily share, plus cash in lieu of any fractional shares. Effective October 1, 2015, zulily is attributed to the QVC Group and we believe that its business is complementary to QVC’s.

As previously discussed, Liberty sold Backcountry on June 30, 2015 foraggregate consideration, including assumption of debt, amounts held in escrow, and a noncontrolling interest, of approximately $350 million. The sale resulted in a $105 million gain, which is included in “Gains (losses) on dispositions, net” in the accompanying statement of operations information.

Any businesses that we may acquire in the future that we do not attribute to the QVC 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:

	September 30, 2015	December 31, 2014
	amounts in millions	
QVC Group		
Other	$ 4	4
Total QVC Group	4	4
Ventures Group		
Time Warner Inc.	302	375
Time Warner Cable Inc.	961	815
Other	72	30
Total Ventures Group	1,335	1,220
Consolidated Liberty	$ 1,339	1,224

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

	September 30, 2015			Share of earnings (losses)			
				Three months ended September 30,		Nine Months Ended September 30,	
	Percentage ownership	Carrying value	Market value	2015	2014	2015	2014
	dollar amounts in millions						
QVC Group							
HSN, Inc.	38 %	$ 159	1,146	15	15	52	46
Other	various	45	NA	(2)	(2)	(6)	(5)
Total QVC Group		204		13	13	46	41
Ventures Group							
Expedia, Inc.	18 %	626	2,778	45	38	125	42
FTD (1)	36 %	343	304	(14)	NA	(9)	NA
Other	various	333	NA	(13)	(15)	(41)	(45)
Total Ventures Group		1,302		18	23	75	(3)
Consolidated Liberty		$ 1,506		31	36	121	38

(1) As previously discussed, on December 31, 2014, Liberty announced the closing of the acquisition by FTD of Provide, which was one of Liberty's wholly-owned Digital Commerce businesses. Under the terms of the transaction, Liberty received approximately 10.2 million shares of FTD common stock representing approximately35% of the combined company and approximately $145 million in cash. Subsequent to completion of the transaction, Liberty accounts for FTD as an equity-method affiliate based on the ownership level and board representation.

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

	September 30, 2015	
	Outstanding principal	Carrying value
	amounts in millions	
QVC Group		
8.5% Senior Debentures due 2029	$ 287	285
8.25% Senior Debentures due 2030	505	501
1% Exchangeable Senior Debentures due 2043	346	362
QVC 3.125% Senior Secured Notes due 2019	400	399
QVC 5.125% Senior Secured Notes due 2022	500	500
QVC 4.375% Senior Secured Notes due 2023	750	750
QVC 4.850% Senior Secured Notes due 2024	600	600
QVC 4.45% Senior Secured Notes due 2025	600	599
QVC 5.45% Senior Secured Notes due 2034	400	399
QVC 5.95% Senior Secured Notes due 2043	300	300
QVC Bank Credit Facilities	920	920
Other subsidiary debt	76	76
Total QVC Group debt	5,684	5,691
Ventures Group		
4% Exchangeable Senior Debentures due 2029	437	267
3.75% Exchangeable Senior Debentures due 2030	437	278
3.5% Exchangeable Senior Debentures due 2031	346	315
0.75% Exchangeable Senior Debentures due 2043	850	1,261
Subsidiary level notes and facilities	43	43
Total Ventures Group debt	2,113	2,164
Total consolidated Liberty debt	$ 7,797	7,855
Less current maturities		(894)
Total long-term debt		$ 6,961

(5) Cash compensation expense for our corporate employees is allocated between the QVC 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 QVC Group to the Ventures Group were determined to be $5 million and $6 million for the three months ended September 30, 2015 and 2014, respectively, and $13 million and $12 million for the nine months ended September 30, 2015 and 2014, 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 QVC Group common stock (formerly 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 are 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 QVC Group 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 is 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 intergroup income taxes payable from the QVC 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

September 30, 2015(unaudited)

amounts in millions

Liberty Interactive Corporation Net Assets	$	5,802
Reconciling items:		
LINT put option obligations		—
LINT LLC Net Assets	$	5,802
Liberty Interactive Corporation Net Earnings	$	608
Reconciling items:		
General and administrative expenses		—
Liberty Interactive LLC Net Earnings	$	608