UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 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**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Series A QVC Group Common Stock, par value $.01 per share	The Nasdaq Stock Market LLC
Series B QVC Group Common Stock, par value $.01 per share	The Nasdaq Stock Market LLC
Series A Liberty Ventures Common Stock, par value $.01 per share	The Nasdaq Stock Market LLC
Series B Liberty Ventures Common Stock, par value $.01 per share	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 aggregate market value of the voting stock held by nonaffiliates of Liberty Interactive Corporation computed by reference to the last sales price of Liberty Interactive Corporation common stock, as of the closing of trading on the last trading day prior to June 30, 2015, was approximately $17.1 billion.

The number of outstanding shares of Liberty Interactive Corporation's common stock as of January 31, 2016 was:

	Series A	Series B
QVC Group common stock	458,219,342	29,218,527
Liberty Ventures common stock	135,023,356	7,092,111

Documents Incorporated by Reference

None.

LIBERTY INTERACTIVE CORPORATION
2015 ANNUAL REPORT ON FORM 10-K

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PART I.

Item 1. Business.

(a) *General Development of Business*

Liberty Interactive Corporation, formerly known as Liberty Media Corporation, ("Liberty", the “Company”, “we”, “us” and “our”) owns interests in subsidiaries and other companies which are primarily engaged in the video and on-line commerce industries. Through our subsidiaries and affiliates, we operate in North America, Europe and Asia. Our principal businesses and assets include our significant consolidated subsidiaries QVC, Inc. ("QVC"), zulily, llc (“zulily”), Bodybuilding.com, LLC ("Bodybuilding"), CommerceHub and Evite, Inc. (“Evite”) and our equity affiliates Expedia, Inc. ("Expedia"), HSN, Inc. ("HSN"), FTD Companies, Inc. (“FTD”), Interval Leisure Group, Inc. (“Interval Leisure Group”) and LendingTree, Inc. (“LendingTree”).

On September 23, 2011, Liberty completed the split-off of a wholly owned subsidiary, Liberty Media Corporation ("LMC") (formerly known as Liberty CapStarz, Inc. and prior thereto known as Liberty Splitco, Inc.) (the "LMC Split-Off"). At the time of the LMC Split-Off, LMC owned all the assets, businesses and liabilities previously attributed to the Capital and Starz tracking stock groups. The LMC Split-Off was effected by means of a redemption of all of the Liberty Capital common stock and Liberty Starz common stock of Liberty in exchange for the common stock of LMC. Following the LMC Split-Off, Liberty and LMC operate as separately publicly traded companies and neither has any stock ownership, beneficial or otherwise, in the other.

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

On October 3, 2014, Liberty reattributed from the Interactive Group to the Ventures Group approximately $1 billion in cash and its Digital Commerce companies, including Backcountry.com, Inc., Bodybuilding, CommerceHub, Provide Commerce, Inc., and Evite. Subsequent to the reattribution, the Interactive Group is now referred to as the QVC Group. The QVC Group has attributed to it Liberty’s wholly-owned subsidiaries QVC and zulily (as of October 1, 2015) and its approximate 38% interest in HSN, along with cash and certain liabilities. In connection with the reattribution, the Liberty Interactive tracking stock trading symbol “LINTA” was changed to "QVCA" and the "LINTB" trading symbol 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 has 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.”

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 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 no group can 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 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”), which was effected as a pro-rata dividend of shares of TripAdvisor Holdings to the stockholders of Liberty’s Series A and Series B Liberty Ventures common stock. 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. Concurrently with the margin loans, Liberty and

TripAdvisor Holdings entered into a promissory note whereby TripAdvisor Holdings may request, ifthe closing price per share of TripAdvisor common stock were to fall below certain minimum values, up to $200 million in funds from Liberty. The TripAdvisor Holdings Spin-Off 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 consolidated financial statements of Liberty have been prepared to reflect TripAdvisor Holdings as discontinued operations.

On October 1, 2015, Liberty acquired zulily, inc. (“zulily”) (now known as zulily, llc) for consideration of approximately $2.3 billion, comprised of $9.375 of cash and 0.3098 newly issued shares of Series A QVC Group common stock for each zulily share, with cash paid in lieu of any fractional shares. zulily is an online retailer offering customers a fun and entertaining shopping experience with a fresh selection of new product styles launched every day. Effective October 1, 2015, zulily is attributed to the QVC Group.

On November 12, 2015, Liberty announced that its board of directors had authorized management to pursue a plan to spin-off to holders of its Liberty Ventures common stock shares of newly formed companies to be called CommerceHub, Inc. and Liberty Expedia Holdings, Inc. (the “proposed spin-offs”). CommerceHub, Inc. would be comprised of Liberty’s Commerce Technologies, Inc. (d/b/a CommerceHub) business. Liberty Expedia Holdings, Inc. would be comprised of, among other things, Liberty’s interest in Expedia, Inc. and Liberty’s subsidiary Bodybuilding.com, LLC. The applicable record dates, distribution dates and distribution ratios for the proposed spin-offs will be announced at a later date. Each of the proposed spin-offs is intended to be tax-free to stockholders of Liberty Ventures and will be subject to various conditions including the receipt of an opinion of tax counsel. Subject to the satisfaction of the applicable conditions, the completion of each of the proposed spin-offs is expected to occur in the second quarter of 2016.

* * * * *

Certain statements in this Annual Report on Form 10-K 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; 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. In particular, statements under Item 1. "Business," Item 1A. "Risk-Factors," Item 2. "Properties," Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" contain forward-looking statements. 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 consumers 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 about our customers, subjecting us to potentially costly government enforcement actions or private litigation and reputational damage;
- the regulatory and competitive environment of the industries in which we operate;
- threatened terrorist attacks, political unrest in international markets and ongoing military action around the world;
- our ability to complete the proposed spin-offs;
- our ability to complete our acquisition of Liberty Broadband Corporation's Series C Shares in connection with the proposed merger of Charter Communications Inc. ("Charter") and Time Warner Cable, Inc.; and
- fluctuations in foreign currency exchange rates.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Annual 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. When considering such forward-looking statements, you should keep in mind the factors described in Item 1A, "Risk Factors" and other cautionary statements contained in this Annual Report. Such risk factors and statements describe circumstances which could cause actual results to differ materially from those contained in any forward-looking statement.

This Annual Report includes information concerning public companies in which we have controlling and non-controlling interests that file reports and other information with the SEC in accordance with the Securities Exchange Act of 1934, as amended. Information in this Annual Report concerning those companies has been derived from the reports and other information filed by them with the SEC. If you would like further information about these companies, the reports and other information they file with the SEC can be accessed on the Internet website maintained by the SEC at www.sec.gov. Those reports and other information are not incorporated by reference in this Annual Report.

(b) *Financial Information About Operating Segments*

Through our ownership of interests in subsidiaries and other companies, we are primarily engaged in the video and on-line commerce industries. Each of these businesses is separately managed.

We identify our reportable segments as (A) those consolidated subsidiaries that represent 10% or more of our annual consolidated revenue, Adjusted OIBDA (defined in Part II, Item 7 of this report) or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of our annual pre-tax earnings. Financial information related to our operating segments can be found in note 19 to our consolidated financial statements found in Part II of this report.

(c) *Narrative Description of Business*

The following table identifies our more significant subsidiaries and minority investments:

Consolidated Subsidiaries
QVC, Inc.
zulily, llc
Bodybuilding.com, LLC
CommerceHub
Evite, Inc.

Equity Method Investments
Expedia, Inc. (Nasdaq:EXPE)
HSN, Inc. (Nasdaq:HSNI)
FTD Companies, Inc. (Nasdaq:FTD)
Interval Leisure Group, Inc. (Nasdaq:IILG)
LendingTree, Inc. (Nasdaq:TREE)

QVC, Inc.

QVC, a wholly-owned subsidiary, markets and sells a wide variety of consumer products primarily through livemerchandise-focused televised shopping programs distributed to approximately 358 million worldwide households each day (including the joint venture in China as discussed below in further detail) and via its websites, including QVC.com, and other interactive media, such as mobile applications. The name, QVC, stands for "Quality, Value and Convenience," which is what QVC strives to deliver to its customers. QVC's operating strategy is to create a premier multimedia lifestyle brand and shopping destination for its customers, further penetrate its core customer base, generate new customers, enhance programming distribution offerings and expand internationally to drive revenue and profitability. For the year ended December 31, 2015, approximately 92% of its worldwide shipped sales were from repeat and reactivated customers (i.e., customers who made a purchase from QVC during the prior twelve months and customers who previously made a purchase from QVC but not during the prior twelve months). In the same period, QVC attracted approximately 3.3 million new customers. QVC's global e-commerce operation comprised $3.9 billion, or 44%, of its consolidated net revenue for the year ended December 31, 2015.

QVC markets its products in an engaging, entertaining format primarily throughmerchandise-focused live television programs and interactive features on its websites and other interactive media. In the U.S., QVC distributes its programming live 24 hours per day, 364 days per year and presents on average 773 products every week. Internationally, QVC distributes live programming 8 to 24 hours per day, depending on the market. QVC classifies its products into six groups: home, beauty, apparel, jewelry, accessories and electronics, which, in 2015, accounted for 33%, 17%, 17%, 10%, 13% and 10%, respectively, of its consolidated shipped sales. For the year ended December 31, 2014, such percentages were 32%, 17%, 16%, 12%, 12% and 11%, respectively. Forthe year ended December 31, 2013, such percentages were 31%, 17%, 16%, 12%, 12% and 12%, respectively. Many of QVC's brands are exclusive, while others are created by well-known designers. It is QVC's product sourcing team's mission to research and locate compelling and differentiated products from manufacturers who have sufficient scale to meet anticipated demand. QVC offers many QVC-exclusive products, as well as popular brand name and lesser known products available from other retailers. Many of its products are endorsed by celebrities, designers and other well-known personalities who often join its presenters to personally promote their products and provide lead-in publicity on their own television shows. QVC believes that its ability to demonstrate product features and present "faces and places" differentiates and defines the QVC shopping experience. QVC closely monitors customer demand and its product mix to remain well-positioned and relevant in popular and growing retail segments, which QVC believes is a significant competitive advantage relative to competitors who operate brick-and-mortar stores.

QVC does not depend on any single supplier or designer for a significant portion of its inventory purchases.

Since its inception, QVC has shipped over 1.85 billion packages in the U.S. alone. QVC operates eight distribution centers and eight call centers worldwide and is able to ship approximately 91% of its orders within two days of order

placement. Globally, QVC is able to ship approximately 93% of its orders within two days of the order placement. In 2015, QVC's work force of approximately 17,600 employees handled approximately 190 million customer calls, shipped approximately 179 million units globally and served approximately 13 million customers. QVC believes its long-term relationships with major U.S. television distributors, including cable operators (e.g., Comcast and Cox), satellite television providers (e.g., DISH Network and DIRECTV) and telecommunications companies (e.g., Verizon), provide it with broad distribution, favorable channel positioning and significant competitive advantages. QVC believes that its significant market share, brand awareness, outstanding customer service, repeat customer base, international reach and scalable infrastructure distinguishes QVC from its competitors.

QVC-U.S.'s live televised shopping programs are distributed nationally, 24 hours per day, 364 days per year, to approximately 107 million television households. QVC distributes its programming to approximately 98% of television households subscribing to services offered by television distributors. QVC-U.S. programming is also available on QVC.com, its domestic website, and mobile applications via streaming video. QVC-U.S., including QVC.com, contributed $6.3 billion, or 71.6%, of consolidated net revenue and $1.5 billion of Adjusted OIBDA (defined in Part II, Item 7 of this report) for the year ended December 31, 2015.

In March 2013, QVC-U.S. launched over-the-air broadcasting in designated U.S. markets that can be accessed by any television household with a digital antennae in such markets, regardless of whether it subscribes to a paid television service. This allows QVC-U.S. to reach new customers who previously did not have access to the program through other television platforms.

In August 2013, QVC-U.S. launched an additional channel, QVC Plus, which is being distributed through cable and satellite systems. The channel allows viewers to have access to a broader range of QVC programming options as well as more relevant programming for viewers in differing time zones.

QVC.com, launched in 1996, complements QVC-U.S.'s televised shopping programs by allowing consumers to purchase a wide assortment of goods offered on its televised programs, as well as other products that are available only on QVC.com. QVC views e-commerce as a natural extension of its business, allowing it to stream live video and offer on-demand video segments of items recently presented live on its televised programs. QVC.com allows shoppers to browse, research, compare and perform targeted searches for products, control the order-entry process and conveniently access their QVC account. For the year ended December 31, 2015, QVC.com generated net revenue of $3.1 billion, or 48.9% of its total domestic net revenue. For the year ended December 31, 2015, approximately 72.5% of new U.S. customers made their first purchase through QVC.com.

QVC's televised shopping programs reached approximately 137 million television households outside of the U.S., primarily in Germany, Austria, Japan, the United Kingdom, the Republic of Ireland, Italy and France. In addition, QVC's joint venture in China reached approximately 114 million homes. Internationally, beyond the main live programming QVC channels, QVC-International also broadcasts pre-recorded shows on additional channels that offer viewers access to a broader range of QVC programming options. These channels include QVC Beauty & Style and QVC Plus in Germany and QVC Beauty, QVC Extra, QVC Style and QVC +1 in the U.K. The programming created for most of these markets is also available via streaming video on its international websites and mobile applications. QVC's international business employs product sourcing teams who select products tailored to the interests of each local market. For the year ended December 31, 2015, QVC's international operations generated $2.5 billion of consolidated net revenue and $427 million of Adjusted OIBDA (defined in Part II, Item 7 of this report), and QVC's international websites generated $791 million, or 31.8%, of its total international net revenue.

On July 4, 2012, QVC entered into a joint venture with Beijing-based CNR Media Group, formerly known as China Broadcasting Corporation, a limited liability company owned by China National Radio ("CNR"), China's government-owned radio division. The joint venture, CNR Home Shopping Co., Ltd. ("CNRS"), is owned 49% by QVC and 51% by CNR through subsidiaries of each company. CNRS operates a retailing business in China through a shopping television channel with an associated website. This joint venture combines CNRS's existing knowledge of the digital shopping market and consumers in China with QVC's global experience and know-how in multimedia retailing. CNRS distributes live programming for 17 hours each day and recorded programming for seven hours each day. The CNRS joint venture is accounted for as an equity method investment.

In June 2015, QVC expanded its global presence into France, launching its website on June 23, 2015 followed by the launch of television programming on August 1, 2015.

QVC distributes its television programs, via satellite and optical fiber, to cable television and direct-to-home satellite system operators for retransmission to their subscribers in the U.S., Germany, Japan, the U.K., France and neighboring countries. QVC also transmits its television programs over digital terrestrial broadcast television to viewers throughout Italy, the U.K. and to viewers in certain geographic regions in the U.S and Germany. In the U.S., QVC uplinks its analog and digital programming transmissions using a third-party service. Both transmissions are uplinked to protected, non-preemptible transponders on U.S. satellites. "Protected" status means that, in the event of a transponder failure, the signal will be transferred to a spare transponder or, if none is available, to a preemptible transponder located on the same satellite or, in certain cases, to a transponder on another satellite owned by the same service provider if one is available at the time of the failure. "Non-preemptible" status means that, in the event of a transponder failure, QVC's transponders cannot be preempted in favor of a user of a failed transponder, even another user with "protected status." The international business units each obtain uplinking services from third parties and transmit their programming to non-preemptible transponders on international satellites. The transponder service agreements for the U.S. transponders expire at the earlier of the end of the lives of the satellites or the service agreements. The service agreements in the U.S. expire between 2019 and 2023. The transponder service agreements for the international transponders expire between 2019 and 2024.

QVC continually seeks to expand and enhance its television and e-commerce platforms, as well as to further its international operations and multimedia capabilities. QVC launched QVCHD in the U.S. in April 2008, and in May 2009, became the first U.S. multimedia retailer to offer a native HD service. QVCHD is a high-definition simulcast of QVC's U.S. telecast utilizing the full 16x9 screen ratio, while keeping the side panel for additional information. High-definition, or HD, programming allows QVC to utilize a typically wider television screen with crisper and more colorful images to present a larger “storefront,” which QVC believes captures the attention of channel “surfers” and engages its customers. In the U.S., QVCHD reaches approximately 80 million television households, as it continues to develop and launch features to further enrich the television viewing experience.

QVC enters into long-term affiliation agreements with certain of its television distributors who downlink its programming and distribute the programming to customers. QVC's affiliation agreements with both domestic and international distributors have termination dates ranging from 2016 to 2022. QVC's ability to continue to sell products to its customers is dependent on its ability to maintain and renew these affiliation agreements in the future. Although QVC is typically successful in obtaining and renewing these agreements, it does not have distribution agreements with some of the distributors that carry its programming. In total, QVC is currently providing programming without affiliation agreements to distributors representing approximately 6% of its U.S. distribution, and short-term, rolling 90 day letters of extension, to distributors who represent approximately 25% of its U.S. distribution. Some of its international programming may continue to be carried by distributors after the expiration dates on its affiliation agreements with such distributors have passed.

In return for carrying QVC's signals, each programming distributor in the U.S. receives an allocated portion, based upon market share, of up to 5% of the net sales of merchandise sold via the television programs and from certain Internet sales to customers located in the programming distributor's service areas. Internationally, programming distributors predominately receive an agreed-upon annual fee, a monthly or yearly fee per subscriber regardless of the net sales, a variable percentage of net sales or some combination of the above arrangements.

In addition to sales-based commissions or per-subscriber fees, QVC also makes payments to distributors primarily in the U.S. for carriage and to secure positioning within a broadcast area or within the general entertainment area on the distributor's channel line-up. QVC believes that a portion of its sales are attributable to purchases resulting from channel “surfing” and that a channel position near broadcast networks and more popular cable networks increases the likelihood of such purchases. As technology evolves, QVC will continue to monitor optimal channel placement and attempt to negotiate agreements with its distributors to maximize the viewership of its television programming.

QVC enjoys a very loyal customer base, as demonstrated by the fact that for the twelve months ended December 31, 2015, approximately 86% of its worldwide shipped sales came from repeat customers (i.e., customers who made a purchase from QVC during the prior twelve months), who spent an average of $1,272 each during this period. An additional 6% of

shipped sales in that period came from reactivated customers (i.e., customers who previously made a purchase from QVC, but not during the prior twelve months).

QVC experienced solid customer growth in 2015. On a trailing twelve month basis, total consolidated customers (excluding the joint venture in China) increased 3% to nearly 13 million and in the US, customers grew 4% to more than 8 million. QVC believes its core customer base represents an attractive demographic target market. Based on internal customer data, approximately 52% of its 8 million U.S. customers for the twelve months ended December 31, 2015 were women between the ages of 35 and 64.

QVC strives to be prompt and efficient in order taking and fulfillment. QVC has three domestic phone centers located in San Antonio, Texas; Port St. Lucie, Florida (closing in early 2016); and Chesapeake, Virginia that can direct calls from one call center to another as volume mandates. Internationally, QVC also has one phone center in each of Japan, the U.K. and Italy, and two call centers in Germany. For France, order taking is handled by a third party located in Portugal. Many markets also utilize home agents to handle calls, allowing staffing flexibility for peak hours. In addition, QVC utilizes computerized voice response units, which handle approximately 26% of all orders taken on a worldwide basis.

In addition to taking orders from its customers through phone centers and online, QVC continues to expand its ordering platforms. QVC is expanding mobile device ordering capabilities and over the past several years has launched iPhone, iPad, Apple Watch, Android, Blackberry and Apple TV applications, a WAP (wireless application protocol) mobile website and a robust SMS (short message services) program. On a global basis, customers placed approximately 22% of all orders directly through their mobile devices in 2015.

Through QVC's eight worldwide distribution centers, QVC shipped approximately 93% of its orders within two days of order placement in 2015. QVC's domestic distribution centers are located in Suffolk, Virginia; Lancaster, Pennsylvania; Rocky Mount, North Carolina; and Florence, South Carolina. Additionally, on July 2, 2015, QVC entered into a lease for a 1 million square foot west coast distribution center in Ontario, California. Construction on this distribution center is expected to be completed in mid-2016. QVC’s domestic distribution centers and dropship partners have shipped nearly 884,000 units and over 818,000 packages in a single day. QVC also has distribution centers in Sakura-shi, Chiba, Japan, Hücklehoven, Germany, Knowsley, U.K. and Castel San Giovanni, Italy.

QVC has built a scalable operating infrastructure focused on sustaining efficient, flexible and cost-effective sale and distribution of its products. Since its physical store locations are minimal, QVC requires lower inventory levels and capital expenditures compared to traditional brick-and-mortar retailers. In recent years, QVC has made significant investments in its distribution centers and information technology systems that it believes will accommodate its foreseeable growth needs. Further, since QVC has no set “floor plan” and can closely manage inventory levels at its centralized warehouses, QVC believes it has the flexibility to analyze and react quickly to changing trends and demand by shifting programming time and product mix. QVC's cost structure is highly variable, which QVC believes allows it to consistently achieve attractive margins relative to brick-and-mortar retailers.

QVC's web and mobile platforms are fully integrated with its televised programming and product distribution capabilities. QVC's web and mobile platform features include a live video stream of its television programming, full integration with its order fulfillment and its product branding, as well as the thematic offerings and events that have become fundamental to its televised programming.

Third party carriers transport QVC's packages from its distribution centers to its customers. In each market where QVC operates, it has negotiated long-term contracts with shipping companies, which in certain circumstances provides for favorable shipping rates.

QVC operates in a rapidly evolving and highly competitive retail business environment. Based on domestic net revenue for the twelve months ended December 31, 2015, QVC is the leading television retailer in the U.S. and generates substantially more net revenue than its two closest televised shopping competitors, HSN (an entity in which we have a 38% ownership interest as of December 31, 2015) and EVINE Live. QVC's international operations face similar competition in their respective markets, such as Shop Channel in Japan, HSE 24 in Germany and Italy, Ideal World in the United Kingdom, and M6 Boutique in France. Additionally, QVC has numerous and varied competitors at the national and local levels, ranging from large department stores to specialty shops, electronic retailers, direct marketing retailers, wholesale clubs, discount retailers, infomercial retailers, Internet retailers, and mail-order and catalog companies.

QVC also competes for access to customers and audience share with other providers of televised, online and hard copy entertainment and content. The price and availability of other programming and the conversion to digital programming platforms may unfavorably affect the placement of its programming in the channel line-ups of its distributors, and may affect its ability to obtain distribution agreements with small cable distributors. Competition from other programming also affects the compensation that must be paid to distributors for carriage, which continues to increase. Principal competitive factors for QVC include (i) value, quality and selection of merchandise; (ii) customer experience, including customer service and reliability of fulfillment and delivery services and (iii) convenience and accessibility of sales channels.

QVC regards its trademarks, service marks, copyrights, domain names, trade dress, trade secrets, proprietary technologies and similar intellectual property as critical to its success. QVC relies on a combination of trademark and copyright law, trade-secret protection, and confidentiality and/or license agreements with its employees, customers, suppliers, affiliates and others to protect these proprietary rights. QVC has registered, or applied for the registration of, a number of domain names, trademarks, service marks and copyrights by U.S. and foreign governmental authorities and vigorously protects its proprietary rights against infringement.

Domestically, QVC has registered trademarks and service marks for a variety of items including, but not limited to its brand name, "QVC," "Quality Value Convenience," “Love What You Find, Find What You Love,” the "Q QVC Ribbon Logo," “Q” and its proprietary products sold such as "Arte D'Oro", "Cook's Essentials", "Denim & Co.," "Diamonique", "Nature's Code," "Northern Nights" and "Ultrafine Silver." Similarly, foreign registrations have been obtained for many trademarks and service marks for its brand name and propriety products including, but not limited to, "QVC" the "Q QVC Ribbon Logo," “Q,” "Breezies," "Denim & Co.," "Diamonique" and "Northern Nights." QVC considers the service mark for the "QVC" name the most significant trademark or service mark held by it because of its impact on market awareness across all of its geographic markets and on customers' identification with QVC. As with all domestic trademarks or service marks, QVC's trademark and service mark registrations in the United States are for a ten year period and are renewable every ten years, prior to their respective expirations, as long as the trademarks or service marks are used in the regular course of trade.

QVC's business is seasonal due to a higher volume of sales in the fourth calendar quarter related to year-end holiday shopping. In recent years, QVC has earned, on average, between 22% and 23% of its global revenue in each of the first three quarters of the year and 32% of its global revenue in the fourth quarter of the year.

zulily, llc

On October 1, 2015, we acquired 100% of zulily. zulily is an online retailer offering customers a fun and entertaining shopping experience with a fresh selection of new product styles launched each day. The zulily website was launched in January 2010 with the goal of revolutionizing the way moms shop. Through its desktop and mobile websites and mobile applications, zulily helps its customers discover new and unique products at great values that they would likely not find elsewhere. zulily’s merchandise includes women’s, children’s and men’s apparel, children’s merchandise and other products such as kitchen accessories and home décor. zulily sources its merchandise from thousands of vendors, including emerging brands and smaller boutique vendors, as well as larger national brands. By bringing together millions of customers and a daily selection of products chosen from its vendor base, zulily has built a large scale and uniquely curated marketplace.

Every morning, zulily launches a variety of flash sales events. These events feature thousands of product styles from different vendors and typically last for 72 hours. The day’s events are kicked off by an early morning email to zulily’s email subscribers and “push” communication to users of zulily’s mobile applications. Offerings are typically only available for a limited time and in a limited quantity, creating urgency to browse and purchase. The majority of zulily’s products are sourced from emerging brands and smaller boutique vendors that its customers may not have heard of and whose products are not widely available online. zulily also offers larger, nationally known brands that appeal to its customers and draw new customers to its sites.

Before zulily launches an event, zulily shoots or obtains photographs of the merchandise and its editorial team writes about the merchandise. The experience, creativity, resourcefulness and efficiency of zulily's merchandising, creative and operations teams enable zulily to feature thousands of product styles each quarter. zulily works to create the most compelling price points for its customers, with the average item offered for approximately 50% off the manufacturer's suggested retail price. zulily then uses its proprietary technology, data analytics and personalization tools to segment its audience, offering each customer a curated and optimized shopping experience that features brands, products and events that it believes are most relevant for that customer.

zulily acquires new email subscribers through a diverse set of paid and unpaid marketing channels, including affiliate channels and partners, customer referrals, direct navigation, display advertising, key word search campaigns, search engine optimization, social media and television ads. Core to its business model is that zulily acquires customers once via paid and unpaid sources, and then drives engagement and repeat purchases from those customers over a long period of time through the sending of daily emails and mobile "push" communications.

Continual innovation through investment in technology is core to zulily's business. zulily uses its technology platform to improve the experience of its customers and vendors, increase the purchase frequency and average order size and optimize the efficiency of its business operations. zulily's technology team is focused on rapid innovation through advanced agile software development processes. zulily's scalable platform uses custom-built and third-party technologies to support its specific customer and vendor requirements, including handling significant spikes in site traffic and transactions on a daily basis, and the rapid and complex order fulfillment needs that are unique to zulily's flash sales and minimal inventory model. zulily believes it can quickly scale its infrastructure to accommodate significantly higher volumes of site traffic, customers, orders and the overall growth in its business.

To best serve its customers and vendors, zulily has a custom, fully integrated fulfillment infrastructure consisting of receiving, sorting, inventory management and repackaging systems which are coordinated by proprietary fulfillment management software. zulily's supply chain solution efficiently handles the small-to-medium lot sizes and high inventory turnover required by constantly changing, limited-time product offerings. zulily operates a minimal inventory, intermediary model where it typically takes customer orders before purchasing inventory from vendors. As a result, zulily is able to offer a much larger selection of products to customers and to generate greater sales for vendors, who are able to match a broader range of their product supply to actual customer demand.

zulily views its target market broadly and competes with any retailer where its customers shop. It faces significant competition from both online and offline retailers, competing on: product curation and selection, personalization, value, convenience, ease of use, consumer experience, vendor satisfaction and shipping time and cost.

zulily relies on laws and regulations, contractual restrictions, copyrights, and trademarks to protect its intellectual property and proprietary rights. zulily's employees and contractors also typically enter into agreements to assign tozulily the inventions and content they produce in performing their jobs. zulily controls access to confidential information by entering into confidentiality agreements with its employees, contractors and third parties, such as vendors, service providers, individuals and entities that may be exploring a business relationship with zulily. Despite the protection of general intellectual property law and its contractual restrictions, it may be possible for a third party to copy or otherwise obtain and use zulily's intellectual property without zulily's authorization.

zulily has registered numerous Internet domain names related to itsbusiness. As of December 31, 2015, it had two pending patent applications directed to its technology in the United States. In addition, zulily pursues the registration of its trademarks in the United States and certain other locations outside of the United States; however, effective intellectual property protection or enforcement may not be available in every country in which zulily's products and services are made available in the future. In the United States and certain other countries, zulily has registered or has applications pending for its key trademarks: zulily, the zulily design mark and the "Z" design associated with its mobile applications.

zulily's results are impacted by a pattern of increased sales during the back-to-school shopping season in the third quarter and holiday shopping season in the fourth quarter, which we expect would result in lower sequential growth in the first quarter. The fourth quarter accounted for approximately 31.3% of zulily's revenue for the year ended December 31, 2015.

Bodybuilding.com, LLC

On December 31, 2007, we acquired 82.9% of Bodybuilding. Subsequent to that time we have acquiredthe remaining 17.1%, giving us overall ownership of 100%.

Bodybuilding is one of the largest e-retailers of nutritional and dietary supplements. It also hosts an online health and fitness publication, offering free daily fitness content, workouts, video based training plans, recipes, health advice and motivational stories. The online e-retail model combines detailed product information and real-time user reviews on more than 15,000 health and fitness supplements and accessories to help the consumer achieve their health, fitness and appearance goals. Beyond the e-retail model, Bodybuilding.com is a site that provides the technology and the tools needed for personal training, nutrition, supplement expertise and support groups.

Bodybuilding's customers include gym-goers, recreational athletes, bodybuilders and any individual seeking to improve their level of health and fitness. Bodybuilding strives to provide everything necessary to get fit, as well as a platform for users to share their inspirational story once they get there.

Bodybuilding launched its primary website in 1999 and now has more than30,000 pages of editorial content, more than 10,000 videos, 16,000 pages of store content, and over 6.5 million forum threads, comprising 125 million forum posts. Its community encompasses more than 30 million monthly unique visitors and 11 million BodySpace members. BodySpace is an inclusive social networking site within Bodybuilding.com that allows people of varying health and fitness levels to discuss goal setting, techniques, supplementation and achievements.

Bodybuilding seeks to offer its customers competitive prices, quality customer service and fitness content. Bodybuilding's business is slightly seasonal; the first quarter of the year is its busiest, as people start to implement their New Year's resolutions toward achieving health and fitness.

CommerceHub

CommerceHub, an approximately 99% owned subsidiary, provides a cloud-based e-commerce fulfillment and marketing software platform of integrated supply, demand and delivery solutions for large retailers, online marketplaces and digital marketing channels, as well as consumer brands, manufacturers, distributors and other market participants. CommerceHub's solutions unite supply, demand and delivery and provide its customers with a single platform to source and market the products consumers desire and to have those products delivered more rapidly to the consumer's doorstep. CommerceHub's software platform acts as a hub that allows trading partners - its customers - to conduct omni-channel commercial relationships in consumer and business-to-business e-commerce markets. Approximately 9,500 trading partners have access to CommerceHub's platform daily to exchange critical information with each other, including orders, invoices, product information and other electronic documents. Collectively, CommerceHub's trading partner customers constitute a vibrant network of the largest retailers, marketplaces and brands in North America, as well as many others that use the CommerceHub platform to interact with one another to more efficiently manage and orchestrate sophisticated supply-chain strategies across thousands of trading partners and physical distribution centers. CommerceHub currently derives the majority of its revenue from usage fees that are based on the volume of activity our customers achieve through our platform and from recurring subscription fees, generated primarily from the United States and Canada.

Evite, Inc.

With over 25 million registered users, Evite (www.evite.com), a wholly owned subsidiary, is an online invitation and social event planning service on the Web. Evite has sent over 2 billion event invitations in its history, enabling 3 billion unique face-to-face connections. Evite makes getting together effortless and more memorable for its over one hundred million annual users, sending 20,000 invitations every hour and handling hundreds of millions of RSVPs every year. In addition to invitations, Evite also offers creative party ideas, planning checklists and other tools. Launched in 1998, Evite is headquartered in Los Angeles.

Expedia, Inc.

Expedia is an online travel company, empowering business and leisure travelers with the tools and information they need to efficiently research, plan, book and experience travel. Expedia seeks to grow its business through a dynamic portfolio of travel brands, including its majority owned subsidiaries that feature the world's broadest supply portfolio - including approximately 271,000 hotels in 200 countries, 400 airlines, packages, rental cars, cruises, as well as destination services and activities. Travel suppliers distribute and market products via its traditional desktop offerings, as well as through alternative distribution channels including mobile and social media, its private label business and its call centers in order to reach its extensive, global audience.

Expedia operates a strong brand portfolio with global reach, targeting a broad range of travelers, travel suppliers and advertisers. The Expedia brand spans the widest swath of potential customers with travel options across a broad value spectrum, while the Hotels.com brand focuses specifically on a hotel only product offering. Expedia makes travel products and services available both on a stand-alone and package basis, primarily through two business models: the merchant model and the agency model. Under both models, Expedia facilitates the booking of hotel rooms, airline seats, car rentals and destination services from its travel suppliers. Under the merchant model, Expedia is the merchant of record. Under the agency model, the travel supplier is the merchant of record. Expedia makes travel products and services available from a variety of hotel companies, large and small commercial airlines, car rental companies, cruise lines and destination service providers.

Expedia provides 24-hour-a-day, seven-day-a-week traveler sales and support by telephone or via e-mail. For purposes of operational flexibility, Expedia uses a combination of outsourced and in-house call centers. Expedia's call centers are located throughout the world, including extensive outsourced operations in the Philippines, El Salvador, Egypt and India. Expedia invested significantly in its call center technologies, with the goal of improving customer experience and increasing the efficiency of its call center agents. Expedia's systems infrastructure and web and database servers are housed in various locations, mainly in the United States, which have communication links as well as 24-hour monitoring and engineering support. The web hosting facilities have their own generators and multiple back-up systems. Significant amounts of Expedia's owned computer hardware for operating the websites are located at these facilities. For some critical systems, Expedia has both production and disaster-recovery facilities

We own an approximate 15.7% equity interest and 52.3% voting interest in Expedia. We have entered into governance arrangements pursuant to which Mr. Barry Diller, Chairman of the Board and Senior Executive Officer of Expedia, may vote our shares of Expedia, subject to certain limitations. Also through our governance arrangements with Mr. Diller, we have the right to appoint and have appointed 20% of the members of Expedia's board of directors, which is currently comprised of 13 members.

HSN, Inc.

HSN became a separate public company in August 2008 in connection with the separation of IAC/InterActiveCorp into five separate companies. HSN is an interactive multi-channel retailer with strong direct-to-consumer expertise among its two operating segments, HSN and Cornerstone Brands. HSN offers innovative, differentiated retail experiences on TV, online, mobile, in catalogs, and in brick-and-mortar stores. HSN now reaches approximately 95 million homes (broadcast live 24 hours a day, seven days a week). Cornerstone Brands comprises leading home and apparel lifestyle brands including Ballard Design, Frontgate, Garnet Hill, Grandin Road, Improvements, Chasing Fireflies and Travelsmith. Cornerstone Brands distributes approximately 325 million catalogs annually, operates eight separate e-commerce sites, and runs 12 retail and outlet stores.

We own approximately 38% of the outstanding common stock of HSN. We have entered into an agreement with HSN pursuant to which, among other things, we have the right to nominate 20% of the members of HSN's board of directors. We have nominated two of the current 10 board members.

FTD Companies, Inc.

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. FTD uses the highly-

recognized FTD® and Interflora® brands, both supported by the Mercury Man logo. While FTD primarily operates in the United States, Canada, the United Kingdom ("U.K."), and the Republic of Ireland, FTD has a worldwide presence in nearly 40,000 floral shops in 150 countries. FTD's portfolio of brands also includes Flying Flowers, Flowers Direct, and Drake Algar in the U.K.

Liberty obtained its ownership interest in FTD during December 2014 in a transaction whereby Liberty exchanged its former wholly-owned subsidiary Provide for cash and a 35% ownership interest in FTD. We own approximately 37% of the outstanding common stock of FTD as of December 31, 2015. We have entered into an agreement with FTD pursuant to which, among other things, we have the right to proportional representation on FTD's board of directors based on our ownership interest in FTD. In connection with this transaction, FTD increased its board of directors from seven to 11 directors. Liberty nominated the four additional directors to the board of directors.

Interval Leisure Group, Inc.

Interval Leisure Group was spun off by IAC/InterActiveCorp ("IAC") in August 2008. Interval Leisure Group is a global provider of non-traditional lodging, encompassing a portfolio of leisure businesses from exchange and vacation rental to vacation ownership. In connection with its acquisition of the Hyatt Vacation Ownership business in the fourth quarter of 2014, Interval re-aligned its business into two operating segments: Exchange and Rental and Vacation Ownership. Interval, its principal business in the Exchange and Rental segment, has offered its resort developer clients and consumer members high-quality programs and services for more than 30 years. Its approximately 1.8 million member families have access to a comprehensive package of year-round benefits, including the opportunity to exchange the use of their shared ownership vacation time for alternate accommodations. Interval has a network of approximately 2,900 resorts in over 80 countries. Interval's Vacation Ownership segment provides management services to nearly 200 vacation ownership properties and/or their associations in the United States, Canada, Mexico, Spain and the Canary Islands, the U.K., France and Portugal. In addition to the management of vacation ownership resorts, the Vacation Ownership segment engages in sales, marketing, and financing of vacation ownership interests; as well as related services to owners and associations. Interval Leisure Group is headquartered in Miami, Florida, and operates in the U.S. and 15 other countries.

We own approximately 29% of the outstanding common stock of Interval Leisure Group. We have entered into an agreement with Interval Leisure Group pursuant to which, among other things, we have the right to nominate 20% of the members of Interval Leisure Group's board of directors. We have nominated two of the current 11 board members.

In October 2015, Interval Leisure Group announced the planned acquisition of Vistana Signature Experiences. Upon closing of the acquisition, our ownership in Interval Leisure Group will be diluted andwe will have the right to nominate two of 13 board members.

LendingTree, Inc.

LendingTree was also spun off by IAC in August 2008. LendingTree is the owner of several brands and businesses that provide information, tools, advice, products and services for critical transactions in their customers' lives. LendingTree's family of brands includes: LendingTree®, GetSmart®, DegreeTree®, LendingTreeAutos, DoneRight®, ServiceTree® and InsuranceTree®. Together, these brands serve as an ally for consumers who are looking to comparison shop for loans, home services, education, auto and other financial products from multiple business and professionals who compete for their business. LendingTree is headquartered in Charlotte, North Carolina.

We own approximately 22% of the outstanding common stock of LendingTree. We have entered into an agreement with LendingTree pursuant to which, among other things, we have the right to nominate 20% of the members of LendingTree's board of directors. We have nominated two of the current seven board members.

Regulatory Matters

Programming and Interactive Television Services

Although QVC, a wholly owned subsidiary, and HSN, a business affiliate, market and sell consumer products through a variety of outlets, each does so, in large part, through live video programming services distributed by cable television systems, satellite systems and over-the-air broadcasters. Consequently, regulation of programming services and the entities that distribute them can affect QVC and HSN. In the United States, the Federal Communications Commission ("FCC") regulates broadcasters, the providers of satellite communications services and facilities for the transmission of programming services, the cable television systems and other multichannel video programming distributors ("MVPDs") that distribute such services, and, to some extent, the availability of the programming services themselves through its regulation of program licensing. Cable television systems in the United States are also regulated by municipalities or other state and local government authorities. Regulatory carriage requirements also could adversely affect the number of channels available to QVC and HSN.

Regulation of Program Licensing. The Cable Television Consumer Protection and Competition Act of 1992 (the 1992 Cable Act) directed the FCC to promulgate regulations regarding the sale and acquisition of cable programming between MVPDs (including cable operators) and satellite-delivered programming services in which a cable operator has an attributable interest. The 1992 Cable Act and implementing regulations generally prohibit a cable operator that has an attributable interest in a satellite programmer from improperly influencing the terms and conditions of sale to unaffiliated MVPDs. Further, the 1992 Cable Act requires that such affiliated programmers make their programming services available to cable operators and competing MVPDs such as multi-channel multi-point distribution systems and direct broadcast satellite ("DBS") distributors on terms and conditions that do not unfairly discriminate among distributors, and the FCC has established complaint enforcement and damages remedy procedures. FCC rules attribute the ownership interest in Charter Communications, Inc. of Liberty Broadband Corporation ("Liberty Broadband"), and Liberty Global plc's ownership interest in Liberty Cablevision of Puerto Rico, LLC to us, thereby subjecting us and satellite-delivered programming services in which we have an interest to the program access rules. We are also subject to the program access rules as a condition of FCC approval of LMC's transaction with News Corporation in 2008.

In 2014, the FCC released a notice of proposed rulemaking seeking comment on a proposal to revise the definition of MVPD in its rules to include services, such as Internet-based services, that make available for purchase by viewers, multiple linear streams of video programming, regardless of the technology used to distribute the programming. If the FCC were to adopt its proposed definition and determine that the program access rules apply to such MVPDs, QVC and HSN potentially would be required to negotiate with, and license their programming services to, such MVPDs and to comply with other related regulatory requirements.

Regulation of Carriage of Programming. Under the 1992 Cable Act, the FCC has adopted regulations prohibiting cable operators from requiring a financial interest in a programming service as a condition to carriage of such service, coercing exclusive rights in a programming service or favoring affiliated programmers so as to restrain unreasonably the ability of unaffiliated programmers to compete. The FCC has established program carriage complaint rules.

Regulation of Ownership. The 1992 Cable Act required the FCC, among other things, (1) to prescribe rules and regulations establishing reasonable limits on the number of channels on a cable system that will be allowed to carry programming in which the owner of such cable system has an attributable interest and (2) to consider the necessity and appropriateness of imposing limitations on the degree to which MVPDs (including cable operators) may engage in the creation or production of video programming. Although the FCC adopted regulations limiting carriage by a cable operator of national programming services in which that operator holds an attributable interest in 1993, the United States Court of Appeals for the District of Columbia Circuit ("D.C. Circuit") vacated the FCC's decision and remanded the rule to the FCC for further consideration in 2001. In response to the Court's decision, the FCC issued further notices of proposed rulemaking in 2001 and in 2005 to consider channel occupancy limitations, but has not issued any rules.

Regulation of Carriage of Broadcast Stations. The 1992 Cable Act granted broadcasters a choice of must carry rights or retransmission consent rights. The rules adopted by the FCC generally provided for mandatory carriage by cable systems of all local full-power commercial television broadcast signals selecting must carry rights and, depending on a cable

system's channel capacity, non-commercial television broadcast signals. Such statutorily mandated carriage of broadcast stations coupled with the provisions of the Cable Communications Policy Act of 1984, which require cable television systems with 36 or more "activated" channels to reserve a percentage of such channels for commercial use by unaffiliated third parties and permit franchise authorities to require the cable operator to provide channel capacity, equipment and facilities for public, educational and government access channels, could adversely affect QVC and HSN by limiting the carriage of such services in cable systems with limited channel capacity.

Closed Captioning Regulation. The Telecommunications Act of 1996 also required the FCC to establish rules and an implementation schedule to ensure that video programming is fully accessible to the hearing impaired through closed captioning. The rules adopted by the FCC require substantial closed captioning, with only limited exemptions. In 2012, the FCC adopted regulations pursuant to the Twenty-First Century Communications and Video Accessibility Act of 2010 ("CVAA") that require, among other things, video programming owners to send caption files for Internet protocol ("IP") delivered video programming to video programming distributors and providers along with program files. A four year implementation period for the IP-delivered programming captioning requirements will be completed in 2016. In February 2014, the FCC adopted closed captioning quality standards regarding captioning accuracy, synchronicity, completeness and placement, and captioning best practices for programmers. These new closed captioning requirements took effect in March 2015. As a result, QVC and HSN may incur additional costs for closed captioning.

Internet Services

Our online commerce businesses are subject, both directly and indirectly, to various laws and governmental regulations. Certain of these businesses engaged in the provision of goods and services over the Internet must comply with federal and state laws and regulations applicable to online communications and commerce. For example, the Children's Online Privacy Protection Act ("COPPA") prohibits web sites from collecting personally identifiable information online from children under age 13 without parental consent and imposes a number of operational requirements. In 2012, the Federal Trade Commission ("FTC") adopted revised COPPA regulations amending certain definitions and modifying certain operational requirements regarding notice and parental consent, among other matters. Certain email activities are subject to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, commonly known as the CAN-SPAM Act. The CAN-SPAM Act regulates the sending of unsolicited commercial email by requiring the email sender, among other things, to comply with specific disclosure requirements and to provide an "opt-out" mechanism for recipients. Both of these laws include statutory penalties for non-compliance. The Digital Millennium Copyright Act limits, but does not eliminate, liability for listing or linking to third party websites that may include content that infringes on copyrights or other rights so long as our Internet businesses comply with the statutory requirements. Various states also have adopted laws regulating certain aspects of Internet communications. On February 11, 2016, the Senate approved legislation, which must be signed by the President, that permanently extends the moratorium on state and local taxes on Internet access and commerce.

Goods sold over the Internet also must comply with traditional regulatory requirements, such as the FTC requirements regarding truthful and accurate claims. To the extent that Bodybuilding.com, for example, markets or sells nutritional or dietary supplements, its activities may be regulated by the Food and Drug Administration ("FDA") in certain respects. Dietary supplement distributors must comply with FDA regulations regarding supplement labeling and reporting.

Our online commerce businesses also are subject to laws governing the collection, use, retention, security and transfer of personally-identifiable information about their users. In particular, the collection and use of personal information by companies has received increased regulatory scrutiny on a global basis. The enactment, interpretation and application of user data protection laws are in a state of flux, and the interpretation and application of such laws may vary from country to country. For example, on December 15, 2015, the European Commission, the European Parliament and the Council of the European Union ("Council") reached agreement on new data laws that give customers additional rights and impose additional restrictions and penalties on companies for illegal collection and misuse of personal information. The European Parliament and the Council are expected to adopt the new laws in early 2016, with the lawsexpected to become effective on a future date following adoption. Further, on October 6, 2015, the Court of Justice of the European Union invalidated the "Safe Harbor Framework," which had allowed companies to collect and process personal data in European Union nations for use in the U.S. European Union and U.S. authorities have announced a new data transfer structure, Privacy Shield, to replace the U.S.-EU Safe Harbor Framework, but the details of Privacy Shield have not yet been finalized. The

European Union and the U.S. must implement the new framework, which may be subject to legal challenge. Finally, a European Union directive restricting the Internet tracking tools known as "cookies" has taken effect. In the U.S., the FTC has proposed a privacy policy framework, and legislation that would require organizations that suffer a breach of security related to personal information to notify owners of such information is pending in Congress. Many states have adopted laws requiring notification to users when there is a security breach affecting personal data, such as California's Information Practices Act. Complying with these different national and state privacy requirements may cause the Internet companies in which we have interests to incur substantial costs. In addition, such companies generally have and post on their websites privacy policies and practices regarding the collection, use and disclosure of user data. A failure to comply with such posted privacy policies or with the regulatory requirements of federal, state, or foreign privacy laws could result in proceedings or actions by governmental agencies or others (such as class action litigation) which could adversely affect our online commerce businesses. Technical violations of certain privacy laws can result in significant penalties, including statutory penalties. In 2012, the FCC amended its regulations under the Telephone Consumer Protection Act ("TCPA"), which could subject our Internet businesses to increased liability for certain telephonic communications with customers, including but not limited to text messages to mobile phones. Under the TCPA, plaintiffs may seek actual monetary loss or statutory damages of $500 per violation, whichever is greater, and courts may treble such damage awards for willful or knowing violations. Data collection, privacy and security are growing public concerns. If consumers were to decrease their use of our Internet businesses' websites to purchase products and services, such businesses could be harmed. Congress and individual states may consider additional online privacy legislation.

Other Internet-related laws and regulations enacted in the future may cover issues such as defamatory speech, copyright infringement, pricing and characteristics and quality of products and services. The future adoption of such laws or regulations may slow the growth of commercial online services and the Internet, which could in turn cause a decline in the demand for the services and products of our online commerce businesses and increase their costs of doing business or otherwise have an adverse effect on their businesses, operating results and financial conditions. Moreover, the applicability to commercial online services and the Internet of existing laws governing issues such as property ownership, libel, personal privacy and taxation is uncertain and could expose these companies to substantial liability.

In 2010, the FCC adopted rules in its open Internet proceeding that largely were vacated by the D.C. Circuit in 2014. On February 26, 2015, the FCC adopted new open Internet rules that reclassify broadband Internet access as a “telecommunications service” rather than an “information service” under Title II of the Communications Act, as well as Section 706 of the Telecommunications Act of 1996. The rules also prohibit broadband providers from: (1) blocking access to legal content, applications, services or non-harmful devices; (2) impairing or degrading lawful Internet traffic on the basis of content, applications, services, or non-harmful devices; and (3) favoring some lawful Internet traffic over other lawful traffic in exchange for consideration. Multiple parties have challenged the open Internet rules in the D.C. Circuit, and the D.C. Circuit is expected to rule on the challenge in 2016.

Proposed Changes in Regulation

The regulation of programming services, cable television systems, DBS providers, Internet services, online sales and other forms of product marketing is subject to the political process and has been in constant flux over the past decade. Further material changes in the law and regulatory requirements must be anticipated and there can be no assurance that our business will not be adversely affected by future legislation, new regulation or deregulation.

Competition

Our businesses that engage in video and online commerce compete with traditional brick-and-mortar and online retailers ranging from large department stores to specialty shops, electronic retailers, direct marketing retailers, such as mail order and catalog companies, and discount retailers. Due to the nature of these businesses there is not a single or small group of competitors that own a significant portion of the overall market share. However, some of these competitors, such as Amazon, have a significantly greater Web-presence than our e-commerce subsidiaries. In addition, QVC and HSN compete for access to customers and audience share with each other and with other conventional forms of entertainment and content. We believe that the principal competitive factors in the markets in which our electronic commerce businesses compete are high-quality products, brand recognition, selection, value, convenience, price, website performance, customer service and accuracy of order shipment. Our businesses that offer services through the Internet compete with businesses

that offer their own services directly through the Internet as well as with traditional offline providers of similar services. Expedia also competes with hoteliers and airlines as well as travel planning service providers, including aggregator sites that offer inventory from multiple suppliers, such as airline sites, Travelocity and Priceline, and with American Express and Navigant International, providers of corporate travel services. We believe that the principal competitive factors in the markets in which our businesses that offer services through the Internet engage are selection, price, availability of inventory, convenience, brand recognition, accessibility, customer service, reliability, website performance, and ease of use.

Employees

As of December 31, 2015, our corporate function is supported by a services agreement with LMC which has approximately 80 corporate employees who are also considered employees of Liberty. Additionally, our consolidated subsidiaries had an aggregate of approximately 22,000 full and part-time employees. We believe that our employee relations are good.

(d) *Financial Information About Geographic Areas*

For financial information related to the geographic areas in which we do business, see note 19 to our consolidated financial statements found in Part II of this report.

(e) *Available Information*

All of our filings with the Securities and Exchange Commission (the "SEC"), including our Form 10-Ks, Form 10-Qs and Form 8-Ks, as well as amendments to such filings are available on our Internet website free of charge generally within 24 hours after we file such material with the SEC. Our website address is www.libertyinteractive.com.

Our corporate governance guidelines, code of business conduct and ethics, compensation committee charter, nominating and corporate governance committee charter, and audit committee charter are available on our website. In addition, we will provide a copy of any of these documents, free of charge, to any shareholder who calls or submits a request in writing to Investor Relations, Liberty Interactive Corporation, 12300 Liberty Boulevard, Englewood, Colorado 80112, Tel. No. (877) 772-1518.

The information contained on our website is not incorporated by reference herein.

Item 1A. Risk Factors

The risks described below and elsewhere in this annual report are not the only ones that relate to our businesses or our capitalization. The risks described below are considered to be the most material. However, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on our businesses. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. If any of the events described below were to occur, our businesses, prospects, financial condition, results of operations and/or cash flows could be materially adversely affected.

Risk Factors Related to our Company, the QVC Group and the Ventures Group

The risks described below apply to our company and to the businesses and assets attributable to the QVC Group and the Ventures Group.

The historical financial information of the QVC Group and the Ventures Group included in this Form 10-K, may not necessarily reflect their results had they been separate companies. One of the reasons for the creation of a tracking stock is to permit equity investors to apply more specific criteria in valuing the shares of a particular group, such as comparisons of earnings multiples with those of other companies in the same business sector. In valuing shares of QVC Group tracking stock and Ventures Group tracking stock, investors should recognize that the historical financial information of the QVC Group and the Ventures Group has been extracted from our consolidated financial statements prior to and for a period of time following the LMC Split-Off, as well as prior to and for a period of time following the creation of the Ventures Group in August 2012, and may not necessarily reflect what the QVC Group's and the Ventures Group's results of operations, financial condition and cash flows would have been had the QVC Group and the Ventures Group been separate, stand-alone entities pursuing independent strategies during the periods presented.

We have identified a material weakness in QVC's internal control over financial reporting, that, if not properly remediated, could adversely affect our business and results of operations. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis. As described in "Item 9A. -Controls and Procedures," we have concluded that our internal control over financial reporting was ineffective as of December 31, 2015 due to a material weakness at our wholly-owned subsidiary, QVC. The identified material weakness, at December 31, 2015, relates to information technology controls and the associated information produced by QVC. Specifically, the following items were not designed and operating effectively:

- Segregation of duties to ensure that incompatible functions did not overlap and that the activities of individuals with incompatible functions or who have access to certain critical transactions were appropriately monitored; and
- Controls over the review of manual and post-close journal entries and the completeness and accuracy of reports utilized in the financial reporting process to support control activities.

Controls were established during the year to monitor and compensate forthe segregation of duties and critical access issues, but as of December 31, 2015, the controls were not functioning properly to adequately mitigate the risk associated with the gaps and conflicts noted. This material weakness did not result in any material misstatements of our consolidated financial statements and disclosures for any annual or interim period.

As further described in "Item 9A. – Controls and Procedures," we and QVC have taken the necessary steps to remediate the material weakness, subsequent to the assessment date, and have made enhancements to QVC's control procedures; the necessary controls have been implemented and determined by us to be operating effectively. However, as the reliability of the internal control process requires repeatable execution, the successful on-going remediation of this material weakness will require on-going review and evidence of effectiveness. Therefore, we cannot assure you that the

remediation efforts will remain effective in the future or that additional or similar material weaknesses will not develop or be identified.

Implementing any further changes to QVC's internal controls may distract its officers and employees and entail material costs to implement new processes and/or modify its existing processes. Moreover, these changes do not guarantee that we will be effective in maintaining the adequacy of QVC's internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could harm our business. In addition, investors' perceptions that QVC's internal controls are inadequate or that we are unable to produce accurate financial statements on a timely basis may harm the price of our QVC Group common stock.

Our subsidiary QVC depends on the television distributors that carry its programming, and no assurance can be given that QVC will be able to maintain and renew its affiliation agreements on favorable terms or at all. QVC currently distributes its programming through affiliation or transmission agreements with many television providers, including, but not limited to, Comcast, DIRECTV, DISH Network, Verizon and Cox in the U.S., Vodafone Kabel Deutschland GmbH, Media Broadcast GmbH, SES ASTRA, SES Platform Services GmbH, Telekom Deutschland GmbH, Unitymedia GmbH, Tele Columbus and Primacom in Germany, Jupiter Telecommunications, Ltd., Sky Perfect and World Hi-Vision Channel, Inc. in Japan, A1 Telekom Austria AG and UPC Telekabel Wien GmbH in Austria, British Sky Broadcasting, Freesat, Freeview and Virgin Media in the U.K. and Mediaset, Hot Bird and Sky Italia in Italy. QVC's affiliation agreements with its distributors are scheduled to expire between 2016 and 2022. As part of normal course renewal discussions, occasionally QVC has disagreements with its distributors over the terms of its carriage, such as channel placement or other contract terms. If not resolved through business negotiation, such disagreements could result in litigation or termination of an existing agreement. Termination of an existing agreement resulting in the loss of distribution of QVC's programming to a material portion of its television households may adversely affect its growth, net revenue and earnings. The renewal negotiation process for affiliation agreements is typically lengthy. In some cases, renewals are not agreed upon prior to the expiration of a given agreement while the programming continues to be carried by the relevant distributor without an effective agreement in place. QVC does not have distribution agreements with some of the cable operators that carry its programming. In total, QVC is currently providing programming without affiliation agreements to distributors representing approximately 6% of its U.S. distribution, and short-term, rolling 90 day letters of extension, to distributors who represent approximately 25% of its U.S. distribution. Some of QVC's international programming may continue to be carried by distributors after the expiration dates on its affiliation agreements with them have passed. QVC may be unable to obtain renewals with its current distributors on acceptable terms, if at all. QVC may also be unable to successfully negotiate affiliation agreements with new or existing distributors to carry its programming. Although QVC considers its current levels of distribution without written agreement to be ordinary course, the failure to successfully renew or negotiate new affiliation agreements covering a material portion of television households could result in a discontinuation of carriage that may adversely affect its viewership, growth, net revenue and earnings.

Our programming and online commerce businesses depend on their relationships with third party suppliers and vendors and any adverse changes in these relationships could adversely affect our results of operations and those attributed to any of our groups. An important component of the success of our programming and online commerce businesses is their ability to maintain their existing, as well as build new, relationships with a limited number of local and foreign suppliers and vendors, among other parties. There can be no assurance that our subsidiaries and business affiliates will be able to maintain their existing supplier or vendor arrangements on commercially reasonable terms or at all or, with respect to goods sourced from foreign markets, if the supply costs will remain stable. In addition, our subsidiaries and business affiliates cannot guarantee that goods produced and delivered by third parties will meet applicable quality standards, which is impacted by a number of factors, some which are not within the control of these parties. Adverse changes in existing relationships or the inability to enter into new arrangements with these parties on favorable terms, if at all, could cause a failure to meet customer expectations and timely delivery of products, which could in turn have a significant adverse effect on our results of operations and those attributed to our groups.

Our businesses attributed to each group are subject to risks of adverse government regulation.Our programming businesses, such as QVC and HSN, market and provide a broad range of merchandise through television shopping programs and proprietary websites. Similarly, our online commerce businesses, such as Expedia, zulily and the e-commerce companies, market and provide a broad range of merchandise and/or services through their proprietary websites. As a result, these businesses are subject to a wide variety of statutes, rules, regulations, policies and procedures in various

jurisdictions, including foreign jurisdictions, which are subject to change at any time, including laws regarding consumer protection, data privacy and security, the regulation of retailers generally, the license requirements for television retailers in foreign jurisdictions, the importation, sale and promotion of merchandise and the operation of retail stores and warehouse facilities, as well as laws and regulations applicable to the Internet and businesses engaged in online commerce, such as those regulating the sending of unsolicited, commercial electronic mail and texts. The failure by our businesses to comply with these laws and regulations could result in a revocation of required licenses, fines and/or proceedings by governmental agencies and/or consumers, which could adversely affect our businesses, financial condition and results of operations. Moreover, unfavorable changes in the laws, rules and regulations applicable to our businesses could decrease demand for our products and services, increase costs and/or subject our businesses to additional liabilities. Similarly, new disclosure and reporting requirements, established under existing or new state, federal or foreign laws, such as regulatory rules regarding requirements to disclose efforts to identify the origin and existence of certain "conflict minerals" or abusive labor practices in portions of QVC's supply chain, could increase the cost of doing business, adversely affecting our results of operations. In addition, certain of these regulations may impact the marketing efforts of our brands and businesses.

As mentioned above, the manner in which certain of our subsidiaries and business affiliates sell and promote merchandise and related claims and representations made in connection with these efforts is regulated by federal, state and local law, as well as the laws of the foreign countries in which they operate. Certain of our subsidiaries and business affiliates may be exposed to potential liability from claims by purchasers or from regulators and law enforcement agencies, including, but not limited to, claims for personal injury, wrongful death and damage to personal property relating to merchandise sold and misrepresentation of merchandise features and benefits. In certain instances, these subsidiaries and business affiliates have the right to seek indemnification for related liabilities from their respective vendors and may require such vendors to carry minimum levels of product liability and errors and omissions insurance. These vendors, however, may be unable to satisfy indemnification claims, obtain suitable coverage or maintain this coverage on acceptable terms, or insurance may provide inadequate coverage or be unavailable with respect to a particular claim.

In addition, programming services, cable television systems, the Internet, telephony services and satellite service providers are subject to varying degrees of regulation in the United States by the FCC and other entities and in foreign countries by similar regulators. Such regulation and legislation are subject to the political process and have been in constant flux over the past decade. The application of various sales and use tax provisions under state, local and foreign law to the products and services of our subsidiaries and certain of our business affiliates sold via the Internet, television and telephone is subject to interpretation by the applicable taxing authorities, and no assurance can be given that such authorities will not take a contrary position to that taken by our subsidiaries and certain of our business affiliates, which could have a material adverse effect on their businesses. In addition, there have been numerous attempts at the federal, state and local levels to impose additional taxes on online commerce transactions. Moreover, most foreign countries in which our subsidiaries or business affiliates have, or may in the future make, an investment regulate, in varying degrees, the distribution, content and ownership of programming services and foreign investment in programming companies and the Internet.

In addition, certain of our businesses are subject to consent decrees issued by the Federal Trade Commission ("FTC") barring them from making deceptive claims for specified weight-loss products and dietary supplements and prohibiting them from making certain claims about specified weight-loss, dietary supplement and anti-cellulite products unless they have competent and reliable scientific evidence to substantiate such claims. Violation of these consent decrees may result in the imposition of significant civil penalties for non-compliance and related redress to consumers and/or the issuance of an injunction enjoining these businesses from engaging in prohibited activities. Further material changes in the law and increased regulatory requirements must be anticipated, and there can be no assurance that the businesses and assets attributed to each group will not become subject to increased expenses or more stringent restrictions as a result of any future legislation, new regulation or deregulation.

Weak economic conditions worldwide may reduce consumer demand for our products and services. The prolonged economic uncertainty in various regions of the world in which our subsidiaries and affiliates operate could adversely affect demand for our products and services since a substantial portion of our revenue is derived from discretionary spending by individuals, which typically falls during times of economic instability. Global financial markets continue to experience disruptions, including increased volatility and diminished liquidity and credit availability. If economic and financial market conditions in the U.S. or other key markets, including China, Japan and Europe, remain uncertain, persist, or deteriorate further, customers of our subsidiaries and affiliates may respond by suspending, delaying, or reducing their discretionary

spending. A suspension, delay or reduction in discretionary spending could adversely affect revenue across each of our tracking stock groups. Accordingly, our ability to increase or maintain revenue and earnings could be adversely affected to the extent that relevant economic environments remain weak or decline. Such weak economic conditions may also inhibit the expansion of our subsidiaries and affiliates into new European and other markets. We currently are unable to predict the extent of any of these potential adverse effects.

Rapid technological advances could render the products and services offered by our subsidiaries and our business affiliates attributed to our QVC Group and our Ventures Group obsolete or non-competitive. Our subsidiaries and business affiliates attributed to each group must stay abreast of rapidly evolving technological developments and offerings to remain competitive and increase the utility of their services. As their operations grow in size and scope, our subsidiaries and business affiliates must continuously improve and upgrade their systems and infrastructure while maintaining or improving the reliability and integrity of their systems and infrastructure. These subsidiaries and business affiliates must be able to incorporate new technologies into their products and services in order to address the needs of their customers. The emergence of alternative platforms such as mobile and tablet computing devices and the emergence of niche competitors who may be able to optimize products, services or strategies for such platforms will require new investment in technology. New developments in other areas, such as cloud computing, could also make it easier for competition to enter their markets due to lower up-front technology costs. There can be no assurance that our subsidiaries and business affiliates will be able to compete with advancing technology or be able to maintain existing systems or replace or introduce new technologies and systems as quickly as they would like or in a cost-effective manner, and any failure to do so could result in customers seeking alternative service providers and may adversely affect the group to which they are attributed, thereby adversely impacting our revenue and operating income.

Our subsidiaries and business affiliates attributed to each of our QVC and Ventures Groups conduct their businesses under highly competitive conditions. Although QVC and HSN are two of the nation's largest home shopping networks, they and the e-commerce businesses have numerous and varied competitors at the national and local levels, ranging from large department stores to specialty shops, electronic retailers, direct marketing retailers, wholesale clubs, discount retailers, infomercial retailers, Internet retailers, and mail-order and catalog companies. In addition, QVC competes with HSN as well as other televised shopping retailers, such as EVINE Live in the U.S., Shop Channel in Japan, HSE 24 in Germany and Italy, Ideal World in the United Kingdom, and M6 Boutique in France, infomercial retailers, Internet retailers, and mail-order and catalog companies. QVC also competes for access to customers and audience share with other providers of televised, online and hard copy entertainment and content. Similarly, zulily competes with e-commerce businesses such as Amazon.com, Inc. and Alibaba Group, the e-commerce platforms of traditional retailers such as Target Corporation, Toys"R"Us, Inc. and Wal-Mart Stores, Inc., and online marketplaces such as eBay Inc. zulily expects increased competition with companies employing a flash sales model as there are no significant barriers to entry. Expedia, our online travel-oriented business, faces significant competition from travel agencies (both brick-and-mortar and online) as well as from travel destination sites and Internet search portals. Competition is characterized by many factors, including assortment, advertising, price, quality, service, accessibility, site functionality, reputation and credit availability, as well as the financial, technical and marketing expertise of competitors. For example, many of our businesses' competitors have greater resources, longer histories, more customers and greater brand recognition than our businesses do, and competitors may secure better terms from vendors, adopt more aggressive pricing, offer free or subsidized shipping and devote more resources to technology, fulfillment and marketing. For example, Bodybuilding.com competes with retailers such as GNC, which has both online and brick-and-mortar operations. Other companies also may enter into business combinations or alliances that strengthen their competitive positions. If our subsidiaries and business affiliates do not compete effectively with regard tothese factors, our results of operations could be materially and adversely affected.

The sales and operating results of the businesses attributed to each of our QVC Group and Ventures Group depend on their ability to attract new customers, retain existing customers and predict or respond to consumer preferences. In an effort to attract and retain customers, these businesses engage in various merchandising and marketing initiatives, which involve the expenditure of money and resources. These initiatives, however, may not resonate with existing customers or consumers generally or may not be cost-effective. In addition, costs associated with the production and distribution of television programming (in the case of QVC and HSN) and costs associated with online marketing, including search engine marketing (primarily the purchase of relevant keywords) have increased and are likely to continue to increase in the foreseeable future and, if significant, could have a material adverse effect to the extent that they do not result in corresponding increases in net revenue. These companies also continuously develop new retail concepts and adjust their

product mix in an effort to satisfy customer demands. Any sustained failure to identify and respond to emerging trends in lifestyle and consumer preferences could have a material adverse effect on the businesses of these subsidiaries and business affiliates. Consumer spending may be affected by many factors outside of their control, including competition from store-based retailers, mail-order and third-party Internet companies, consumer confidence and preferences, and general economic conditions.

The failure of our subsidiary QVC and our business affiliate HSN to maintain suitable placement for their respective programming could adversely affect their ability to attract and retain television viewers and could result in a decrease in revenue. QVC and HSN are dependent upon the continued ability of their programming to compete for viewers. Effectively competing for television viewers is dependent, in substantial part, on their ability to negotiate and maintain placement of their programming at a favorable channel position, such as in a basic tier or within a general entertainment or general broadcasting tier. The advent of digital compression technologies and the adoption of digital cable have resulted in increased channel capacity, which together with other changing laws, rules and regulations regarding cable television ownership, impacts the ability of both QVC and HSN to negotiate and maintain suitable channel placement with their respective distributors. Increased channel capacity could adversely affect the ability to attract television viewers to QVC’s or HSN’s programming to the extent it results in a less favorable channel position for their respective programming, such as placement adjacent to programming that does not complement their respective programming, a position next to their respective televised home shopping competitors or isolation in a "shopping" tier, more competitors entering the marketplace, or more programming options being available to the viewing public in the form of new television networks and timeshifted viewing (e.g., personal video recorders, video-on-demand, interactive television and streaming video over Internet connections). In addition, if QVC’s or HSN’s programming is carried exclusively by a distributor on a digital programming tier, QVC or HSN may experience a reduction in revenue to the extent that the digital programming tier has less television viewer penetration than the basic or expanded basic programming tier. QVC and HSN may experience a further reduction in revenue due to increased television viewing audience fragmentation to the extent that not all television sets within a digital cable home are equipped to receive television programming in a digital format. The future success of each of QVC and HSN will depend, in part, on their ability to anticipate and adapt to technological changes and to offer elements of their respective programming via new technologies in a cost-effective manner that meets customer demands and evolving industry standards.

Any continued or permanent inability of QVC or HSN to transmit their programming via satellite would result in lost revenue and could result in lost customers. The success of our subsidiary QVC and our business affiliate HSN is dependent upon their continued ability to transmit their respective programming to television providers from their respective satellite uplink facilities, which transmissions are subject to FCC compliance in the U.S. and foreign regulatory requirements in QVC’s and HSN’s international operations. In most cases, each of QVC and HSN has entered into long-term satellite transponder leases to provide for continued carriage of its programming on replacement transponders and/or replacement satellites, as applicable, in the event of a failure of either the transponders and/or satellites currently carrying its programming. Although QVC believes that it takes reasonable and customary measures to ensure continued satellite transmission capability and believes that these international transponder service agreements can be renewed (or replaced, if necessary) in the ordinary course of business, termination or interruption of satellite transmissions may occur, particularly if QVC is not able to successfully negotiate renewals or replacements of any of its expiring transponder service agreements in the future.

System interruption and the lack of integration and redundancy in the systems and infrastructures of our subsidiary QVC, our business affiliate HSN and our other online commerce businesses may adversely affect their ability to, as applicable, operate their businesses, transmit their television programs, operate websites, process and fulfill transactions, respond to customer inquiries and generally maintain cost-efficient operations. The success of our subsidiaries and business affiliates depends, in part, on their ability to maintain the integrity of their transmissions, systems and infrastructures, including the transmission of television programs (in the case of QVC and HSN), as well as their websites, information and related systems, call centers and fulfillment facilities. These subsidiaries and business affiliates may experience occasional system interruptions that make some or all transmissions, systems or data unavailable or prevent them from transmitting their signals or efficiently providing services or fulfilling orders, as the case may be. QVC is in the process of implementing new technology systems and upgrading others. The failure to properly implement new systems or delays in implementing new systems could impair the ability of our subsidiaries and business affiliates to provide services and content, fulfill orders and/or process transactions. QVC and HSN also rely on affiliate and third-party

computer systems, broadband, transmission and other communications systems and service providers in connection with the transmission of their respective signals, as well as to facilitate, process and fulfill transactions. Any interruptions, outages or delays in their signal transmissions, systems and infrastructures, or any deterioration in the performance of these transmissions, systems and infrastructures, could impair their ability to provide services, fulfill orders and/or process transactions. Fire, flood, power loss, telecommunications failure, hurricanes, tornadoes, earthquakes, acts of war or terrorism, acts of God and similar events or disruptions may damage or interrupt television transmissions, computer, broadband or other communications systems and infrastructures at any time. Any of these events could cause transmission or system interruption, delays and loss of critical data, and could prevent our subsidiaries and business affiliates from providing services, fulfilling orders and/or processing transactions. While our subsidiaries and business affiliates have backup systems for certain aspects of their operations, these systems are not fully redundant and disaster recovery planning is not sufficient for all possible risks. In addition, some of our subsidiaries and business affiliates may not have adequate insurance coverage to compensate for losses from a major interruption.

The processing, storage, sharing, use, disclosure and protection of personal data could give rise to liabilities as a result of governmental regulation, conflicting legal requirements or differing views of personal privacy rights. In the processing of consumer transactions and managing our employees, our businesses receive, transmit and store a large volume of personally identifiable information and other user data. The processing, storage, sharing, use, disclosure and protection of this information are governed by the privacy and data security policies maintained by these businesses. Moreover, there are federal, state and international laws regarding privacy and the processing, storage, sharing, use, disclosure and protection of personally identifiable information and user data. Specifically, personally identifiable information is increasingly subject to legislation and regulations, including changes in legislation and regulations, in numerous jurisdictions around the world, the intent of which is to protect the privacy of personal information that is collected, processed and transmitted in or from the governing jurisdiction. Compliance with these laws and regulations, or changes in these laws and regulations, may be onerous and expensive and may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance. For example, the European Court of Justice in October 2015 issued a ruling immediately invalidating the U.S.-EU Safe Harbor Framework, which facilitated personal data transfers to the U.S. in compliance with applicable European data protection laws. The U.S.-EU Safe Harbor Framework was one of the mechanisms QVC relied upon to transfer European personal data to the United States. In addition, third party vendors and service providers with which QVC does business also relied on the U.S.-EU Safe Harbor Framework for their access to QVC's European customer and employee personal data. The business of companies that relied on the U.S.-EU Safe Harbor Framework may be impacted by its invalidation. U.S. and EU authorities have announced a new data transfer structure, Privacy Shield, to replace the U.S.-EU Safe Harbor Framework, but the details of Privacy Shield have not yet been finalized. Thus, there is regulatory uncertainty surrounding how data transfers from the European Union to the U.S. will be authorized in the future. Further, the European Parliament and the Council of the European Union are expected to adopt new data laws early this year that give consumers additional rights and impose additional restrictions and penalties on companies for illegal collection and misuse of personal information, with the laws expected to become effective on a future date following adoption. QVC's failure, and/or the failure by the various third party vendors and service providers with which QVC does business, to comply with applicable privacy policies or federal, state or similar international laws and regulations, or changes in applicable laws and regulations, or any compromise of security that results in the unauthorized release of personally identifiable information or other user data could damage QVC's reputation and the reputation of its third party vendors and service providers, discourage potential users from trying its products and services and/or result in fines and/or proceedings by governmental agencies and/or consumers, any one or all of which could adversely affect QVC's business, financial condition and results of operations of these businesses and, as a result, our company. In addition, we may not have adequate insurance coverage to compensate for losses.

Our home television and online commerce businesses are subject to security risks, including security breaches and identity theft. In order to succeed, our home television and online commerce businesses must be able to provide for secure transmission of confidential information over public networks. Any penetration of network security or other misappropriation or misuse of personal information could cause interruptions in the operations of their business and subject them to increased costs, litigation and other liabilities. Security breaches could also significantly damage their reputation with their customers and third parties with whom they do business. These businesses may be required to expend significant capital and other resources to protect against and remedy any potential or existing security breaches and their consequences. They also face risks associated with security breaches affecting third parties with which they are affiliated or otherwise conduct business online. The loss of confidence in our online commerce businesses resulting from any such security

breaches or identity theft could adversely affect the business, financial condition and results of operations of our online commerce businesses and, as a result, our company.

Certain of our subsidiaries and business affiliates may fail to adequately protect their intellectual property rights or may be accused of infringing intellectual property rights of third parties. Our subsidiaries and business affiliates regard their respective intellectual property rights, including service marks, trademarks and domain names, copyrights (including their programming and their websites), trade secrets and similar intellectual property, as critical to their success. These businesses also rely heavily upon software codes, informational databases and other components that make up their products and services. From time to time, these businesses are subject to legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of the trademarks, patents, copyrights and other intellectual property rights of third parties. In addition, litigation may be necessary to enforce the intellectual property rights of these businesses, protect trade secrets or to determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect the business, financial condition and results of operations of these businesses and in turn our financial condition and results of operations. The failure of these businesses to protect their intellectual property rights, particularly their proprietary brands, in a meaningful manner or third party challenges to related contractual rights could result in erosion of brand names and limit the ability of these businesses to control marketing on or through the Internet using their various domain names, which could adversely affect the business, financial condition and results of operations of these businesses, as well as the financial condition and results of operations of our company.

Our home television and online commerce businesses rely on independent shipping companies to deliver the products they sell. Our home television and online commerce businesses rely on third party carriers to deliver merchandise from vendors and manufacturers to them and to ship merchandise to their customers. As a result, they are subject to carrier disruptions and delays due to factors that are beyond their control, including employee strikes, inclement weather and regulation and enforcement actions by customs agencies. Any failure to deliver products to their customers in a timely and accurate manner may damage their reputation and brand and could cause them to lose customers. Enforcement actions by customs agencies can also cause the costs of imported goods to increase, negatively affecting profits. These businesses are also impacted by increases in shipping rates charged by third party carriers, which over the past few years have increased significantly in comparison to historical levels, and it is currently expected that shipping and postal rates will continue to increase. In the case of deliveries to customers, in each market where we operate, we have negotiated agreements with one or more independent, third party shipping companies, which in certain circumstances provide for favorable shipping rates. If any of these relationships were to terminate or if a shipping company was unable to fulfill its obligations under its contract for any reason, these businesses would have to work with other shipping companies to deliver merchandise to customers, which would most likely be at less favorable rates. Other potential adverse consequences of changing carriers include reduced visibility of order status and package tracking, delays in order processing and product delivery, and reduced shipment quality, which may result in damaged products and customer dissatisfaction. Any increase in shipping rates and related fuel and other surcharges passed on to these businesses by their current carriers or any other shipping company would adversely impact profits, given that these businesses may not be able to pass these increased costs directly to customers or offset them by increasing prices without a detrimental effect on customer demand.

zulily generally does not hold inventory until products have been ordered by customers, which results in slower delivery time than other e-commerce retailers. zulily generally does not order inventory from its vendors to be held in its fulfillment centers until after the products have been ordered by its customers. As a result, the time from when an order is placed on zulily's sites to when the product is delivered to its customers is longer than for many other e-commerce retailers who generally carry significant inventory that enables them to expedite delivery. In an effort to reduce delivery times without carrying additional inventory, zulily has expanded consignment and fulfillment services for its vendors. zulily may not achieve its anticipated improvement in delivery times if it is unable to effectively deploy these services or engage a sufficient number of vendors to adopt these services. Modification of zulily's inventory planning and consolidation processes may also result in inconsistent or slower delivery times. Utilization of zulily's infrastructure for vendor fulfillment services could also negatively impact delivery times. zulily's relatively slower delivery times may place it at a competitive disadvantage to other e-commerce retailers and may cause customers to stop purchasing from zulily. If it is required to decrease its delivery times to address this competition or to meet customer demands, zulily may be required to incur additional shipping costs, which it may or may not be able to pass on to its customers, or to change its operations

to carry additional inventory and face additional inventory risk, either of which could adversely affect the business, financial condition and operating results of zulily and, as a result, our company.

The seasonality of certain of our businesses places increased strain on their operations. The net revenue of our home television and online commerce businesses in recent years indicates that these businesses are seasonal due to a higher volume of sales in certain months or calendar quarters or related to particular holiday shopping. For example, in recent years, QVC has earned, on average, between 22% and 23% of its global revenue in each of the first three quarters of the year and 32% of its global revenue in the fourth quarter of the year. Similarly, our subsidiary zulily experiences a stronger third quarter during the back-to-school shopping season and stronger fourth quarter due to the holiday shopping season, and our subsidiary Bodybuilding.com experiences a busier first quarter as people start to implement New Year's resolutions toward achieving health and fitness. If the vendors for these businesses are not able to provide popular products in sufficient amounts such that these businesses fail to meet customer demand, it could significantly affect their revenue and future growth. If too many customers access the websites of these businesses within a short period of time due to increased demand, our businesses may experience system interruptions that make their websites unavailable or prevent them from efficiently fulfilling orders, which may reduce the volume of goods they sell and the attractiveness of their products and services. In addition, they may be unable to adequately staff their fulfillment and customer service centers during these peak periods and delivery and other third party shipping (or carrier) companies may be unable to meet the seasonal demand. To the extent these businesses pay for holiday merchandise in advance of certain holidays (e.g., in the case of QVC, in August through November of each year), their available cash may decrease, resulting in less liquidity.

The failure of our subsidiary QVC to effectively manage its Easy-Pay and revolving credit card programs could result in less income. QVC offers Easy-Pay in the U.S., U.K., Germany and Italy (known as Q-Pay in Germany and Italy), a payment plan that, when offered by QVC, allows customers to pay for certain merchandise in two or more monthly installments. When the QVC Easy-Pay Plan is offered by QVC and elected by the customer, the first installment is typically billed to the customer's credit card upon shipment. Generally, the customer's credit card is subsequently billed up to five additional monthly installments until the total purchase price of the products has been billed by QVC. QVC cannot predict whether customers will pay all of their Easy-Pay installments. In addition, QVC-U.S. has an agreement with a large consumer financial institution (the "Bank") pursuant to which the Bank provides revolving credit directly to QVC's customers for the sole purpose of purchasing merchandise from QVC with a QVC branded credit card ("Q Card"). QVC receives a portion of the net economics of the credit card program according to percentages that vary with the performance of the portfolio. We cannot predict the extent to which QVC's customers will use the Q Card, nor the extent that they will make payments on their outstanding balances.

The success of our home television and online commerce businesses depends in large part on their ability to recruit and retain key personnel capable of executing their unique business models. QVC and HSN, as well as our e-commerce subsidiaries have business models that require them to recruit and retain key employees, including management, with the skills necessary for a unique business that demands knowledge of the general retail industry, television production, direct to consumer marketing and fulfillment and the Internet. We cannot assure you that if QVC, HSN or our online commerce businesses experience turnover of these key employees they will be able to recruit and retain acceptable replacements because the market for such employees is very competitive and limited.

Certain of our subsidiaries and business affiliates have operations outside of the United States that are subject to numerous operational and financial risks. Certain of our subsidiaries and business affiliates have operations in countries other than the United States that are subject to the following risks inherent in international operations:

- fluctuations in currency exchange rates;
- longer payment cycles for sales in foreign countries that may increase the uncertainty associated with recoverable accounts;
- recessionary conditions and economic instability, including fiscal policies that are implementing austerity measures in certain countries, which are affecting overseas markets;
- limited ability to repatriate funds to the U.S. at favorable tax rates;
- potentially adverse tax consequences;
- export and import restrictions, tariffs and other trade barriers;
- increases in taxes and governmental royalties and fees;
- changes in foreign and U.S. laws, regulations and policies that govern operations of foreign-based companies;

- changes to general consumer protection laws and regulations;
- difficulties in staffing and managing international operations; and
- threatened and actual terrorist attacks, political unrest in international markets and ongoing military action around the world that may result in disruptions of service that are critical to QVC's international businesses.

Moreover, in many foreign countries, particularly in certain developing economies, it is not uncommon to encounter business practices that are prohibited by certain regulations, such as the Foreign Corrupt Practices Act and similar laws. Although certain of our subsidiaries and business affiliates have undertaken compliance efforts with respect to these laws, their respective employees, contractors and agents, as well as those companies to which they outsource certain of their business operations, may take actions in violation of their policies and procedures. Any such violation, even if prohibited by the policies and procedures of these subsidiaries and business affiliates or the law, could have certain adverse effects on the financial condition of these subsidiaries and business affiliates. Any failure by these subsidiaries and business affiliates to effectively manage the challenges associated with the international operation of their businesses could materially adversely affect their, and hence our, financial condition.

Our online commerce businesses, including QVC, zulily, HSN and Expedia could be negatively affected by changes in search engine algorithms and dynamics or search engine disintermediation as well as their inability to monetize the resulting web traffic. The success of our online commerce businesses depends on a high degree of website traffic, which is dependent on many factors, including the availability of appealing website content, user loyalty and new user generation from search portals that charge a fee (such as Google). In obtaining a significant amount of website traffic via search engines, they utilize techniques such as search engine optimization, or SEO (which is the practice of developing websites with relevant and current content that rank well in "organic," or unpaid, search engine results) and search engine marketing, or SEM (which is a form of Internet marketing that involves the promotion of websites by increasing their visibility in search engine results pages through the use of paid placement, contextual advertising, and paid inclusion) to improve their placement in relevant search queries. Search engines, including Google, frequently update and change the logic that determines the placement and display of results of a user's search, such that the purchased or algorithmic placement of links to the websites of our online commerce businesses can be negatively affected. Moreover, a search engine could, for competitive or other purposes, alter its search algorithms or results causing their websites to place lower in search query results. If a major search engine changes its algorithms in a manner that negatively affects their paid or unpaid search ranking, or if competitive dynamics impact the effectiveness of SEO or SEM in a negative manner, the business and financial performance of our online commerce businesses would be adversely affected, potentially to a material extent. Furthermore, the failure of our online commerce businesses to successfully manage their SEO and SEM strategies could result in a substantial decrease in traffic to their websites, as well as increased costs if they were to replace free traffic with paid traffic. Even if our online commerce businesses are successful in generating a high level of website traffic, no assurance can be given that our online commerce businesses will be successful in achieving repeat user loyalty or that new visitors will explore the offerings on their sites. Monetizing this traffic by converting users to consumers is dependent on many factors, including availability of inventory, consumer preferences, price, ease of use and website quality. No assurance can be given that the fees paid to search portals will notexceed the revenue generated by their visitors. Any failure to sustain user traffic or to monetize such traffic could materially adversely affect the financial performance of our online commerce businesses and, as a result, adversely affect our financial results.

Our online commerce businesses, including QVC, zulily, HSN and Expedia, may experience difficulty in achieving the successful development, implementation and customer acceptance of, and a viable advertising market via, applications for smartphone and tablet computing devices, which could harm their business. Although our online commerce businesses have developed services and applications to address user and consumer interaction with website content on smartphone and other non-traditional desktop or laptop computer systems (which typically have smaller screens and less convenient typing capabilities), the efficacy of the smartphone application and its advertising market is still developing. Moreover, if smartphone computing services prove to be less effective for the users of our online commerce businesses or less economically attractive for advertisers and the smartphone segment of Internet traffic grows at the expense of traditional computer and tablet Internet access, our online commerce businesses may experience difficulty attracting and retaining traffic and, in turn, advertisers, on these platforms. Additionally, as new devices and new platforms are continually being released, it is difficult to predict the challenges that may be encountered in developing versions of our online commerce businesses' offerings for use on these alternative devices, and our online commerce businesses may need to devote significant resources to the creation, support, and maintenance of their services on such devices. To the

extent that revenue generated from advertising placed on smartphone computing devices becomes increasingly more important to their businesses and they fail to adequately evolve and address this market, their business and financial performance could be negatively impacted. In addition, growth in the use of smartphone products as a substitute for use on personal computers and tablets may adversely impact revenue derived from advertising, as many of the processes used for smartphone advertising and related monetization strategies are still in development.

Our subsidiary QVC has significant indebtedness, which could limit its flexibility to respond to current market conditions, restrict its business activities and adversely affect its financial condition. As of December 31, 2015, QVC had total debt ofapproximately $5.4 billion outstanding and an additional $435 million available for borrowing under its senior secured credit facility as of that date. QVC may incur significant additional indebtedness in the future. The indebtedness of QVC, combined with other financial obligations and contractual commitments, could among other things:

- increase QVC's vulnerability to general adverse economic and industry conditions;
- require a substantial portion of QVC's cash flow from operations to be dedicated to the payment of principal and interest on its indebtedness;
- limit QVC's ability to use cash flow or obtain additional financing for future working capital, capital expenditures or other general corporate purposes, which reduces the funds available to it for operations and any future business opportunities;
- limit flexibility in planning for, or reacting to, changes in its business and the markets in which it operates;
- competitively disadvantage QVC compared with competitors that have less debt;
- limit QVC's ability to borrow additional funds or to borrow funds at rates or on other terms that they find acceptable; and
- expose QVC to the risk of increased interest rates because certain of QVC's borrowings, including borrowings under its credit facility, are at variable interest rates.

In addition, it is possible that QVC may need to incur additional indebtedness in the future in the ordinary course of business. If new debt is added to its current debt levels, the risks described above could intensify. If QVC experiences adverse effects on its financial condition as a result of its indebtedness, our financial performance could be adversely affected as well.

We may fail to realize the potential benefits of the acquisition of zulily or those benefits may take longer to realize than expected. We believe there are significant benefits and synergies that may be realized through leveraging the scale, vendor relationships, merchandizing expertise and customer base of QVC and zulily. However, the efforts to realize these benefits and synergies will be a complex process and may disrupt both companies' existing operations if not implemented in a timely and efficient manner. If the respective managements of Liberty, QVC and zulily are unable to minimize the potential disruption to their respective businesses and operations during this period, we may not realize the anticipated benefits of the acquisition of zulily. Realizing these benefits may depend in part on the efficient coordination and alignment of various functions, including marketing, merchandising, buying expertise, customer acquisition and the integration of certain administrative functions, while maintaining adequate focus on QVC's and zulily's core businesses.

The operating expenses attributed to the QVC Group are expected to increase over the near term due to the increased headcount, expanded operations and changes related to the assimilation of zulily. In addition, we have incurred expenses related to the acquisition of zulily that have been attributed to the QVC Group, which may adversely affect our financial results. To the extent that our expenses increase but revenue does not commensurately, there are unanticipated expenses related to the assimilation process, there are significant costs associated with presently unknown liabilities, or if the foregoing charges and expenses are larger than anticipated, our consolidated business, operating results and financial condition, as well as those attributable to the QVC Group, may be adversely affected. Failure to timely implement, or problems with implementing, the post-acquisition strategy for zulily also may adversely affect the trading price of QVC Group common stock.

We depend on the continued growth of e-commerce in general and zulily depends on the flash sales model in particular. The business of selling products over the Internet, particularly on the flash sales model, is dynamic and relatively new. The market segment for the flash sales model has grown significantly, and this growth may not be sustainable. If customers cease to find the flash sales model shopping experience fun, entertaining and a good value, or otherwise lose interest in shopping in this manner, zulily may not acquire new customers at rates consistent with its

historical or projected periods, and existing customers' buying patterns and levels may be less than historical or projected rates. If zulily is unable to successfully deliver emails or mobile alerts to its subscribers, or if subscribers decline to open our emails or mobile alerts, zulily's net sales and profitability would be adversely affected. In addition, changes in how webmail application providers, such as Google Inc. and Yahoo! Inc., prioritize, filter and deliver email may also reduce the number of subscribers opening zulily's emails which may also result in a decline in net sales. If the market segment for the flash sales model were to become saturated or decline overall, zulily may not be able to acquire new customers or engage existing customers, which could adversely affect the QVC Group's financial condition and operating results.

We do not have the right to manage our business affiliates attributed to either our QVC Group or our Ventures Group, which means we are not able to cause those affiliates to act in a manner that we deem desirable. We do not have the right to manage the businesses or affairs of any of our business affiliates (generally those companies in which we have less than a majority voting stake or with respect to which we have provided a proxy over our voting power to a third party) including Expedia, which is attributed to our Ventures Group, and HSN, which is attributed to our QVC Group. Rather, our rights may take the form of representation on the board of directors or a partners' or similar committee that supervises management or possession of veto rights over significant or extraordinary actions. The scope of our veto rights varies from agreement to agreement. Although our board representation and veto rights may enable us to exercise influence over the management or policies of a business affiliate, enable us to prevent the sale of material assets by a business affiliate in which we own less than a majority voting interest or prevent us from paying dividends or making distributions to our stockholders or partners, they will not enable us to cause these actions to be taken as these companies are business affiliates in which we own a partial interest.

We have overlapping directors and management with LMC, TripAdvisor Holdings and Liberty Broadband, which may lead to conflicting interests. As a result of the LMC Split-Off, the TripAdvisor Holdings Spin-Off and LMC's spin-off of Liberty Broadband in November 2014, most of the executive officers of Liberty also serve as executive officers of LMC, TripAdvisor Holdings and Liberty Broadband, and there are overlapping directors. None of the foregoing companies has any ownership interest in any of the others. Our executive officers and the members of our company's board of directors have fiduciary duties to our stockholders. Likewise, any such persons who serve in similar capacities at LMC, TripAdvisor Holdings or Liberty Broadband have fiduciary duties to that company's stockholders. Therefore, such persons may have conflicts of interest or the appearance of conflicts of interest with respect to matters involving or affecting more than one of the companies to which they owe fiduciary duties. For example, there may be the potential for a conflict of interest when our company, LMC, TripAdvisor Holdings or Liberty Broadband looks at acquisitions and other corporate opportunities that may be suitable for each of them. Moreover, most of our company's directors and officers own LMC, TripAdvisor Holdings and Liberty Broadband stock and equity awards. These ownership interests could create, or appear to create, potential conflicts of interest when the applicable individuals are faced with decisions that could have different implications for our company, LMC, TripAdvisor Holdings and/or Liberty Broadband. Any potential conflict that qualifies as a "related party transaction" (as defined in Item 404 of Regulation S-K under the Securities Act of 1933, as amended) is subject to review by an independent committee of the applicable issuer's board of directors in accordance with its corporate governance guidelines. Each of Liberty Broadband and TripAdvisor Holdings has renounced its rights to certain business opportunities and each company's restated certificate of incorporation contains provisions deeming directors and officers not in breach of their fiduciary duties in certain cases for directing a corporate opportunity to another person or entity (including LMC, TripAdvisor Holdings and Liberty Broadband) instead of such company. Any other potential conflicts that arise will be addressed on a case-by-case basis, keeping in mind the applicable fiduciary duties owed by the executive officers and directors of each issuer. From time to time, we may enter into transactions with LMC, TripAdvisor Holdings or Liberty Broadband and/or their subsidiaries or other affiliates. There can be no assurance that the terms of any such transactions will be as favorable to our company, LMC, TripAdvisor Holdings, Liberty Broadband or any of their respective subsidiaries or affiliates as would be the case where there is no overlapping officer or director.

The liquidity and value of our public investments may be affected by market conditions beyond our control that could cause us to record losses for declines in their market value. Included among our assets are equity interests in publicly-traded companies that are not consolidated subsidiaries. The value of these interests may be affected by economic and market conditions that are beyond our control. In addition, our ability to liquidate or otherwise monetize these interests without adversely affecting their value may be limited.

A substantial portion of our consolidated debt attributed to each group is held above the operating subsidiary level, and we could be unable in the future to obtain cash in amounts sufficient to service that debt and our other financial obligations. As of December 31, 2015, our wholly-owned subsidiary Liberty Interactive LLC ("Liberty LLC") had $3,207 million principal amount of publicly-traded debt outstanding. Liberty LLC is a holding company for all of our subsidiaries and investments. Our ability to meet the financial obligations of Liberty LLC and our other financial obligations will depend on our ability to access cash. Our sources of cash include our available cash balances, net cash from operating activities, dividends and interest from our investments, availability under credit facilities at the operating subsidiary level, monetization of our public investment portfolio and proceeds from asset sales. There are no assurances that we will maintain the amounts of cash, cash equivalents or marketable securities that we maintained over the past few years. The ability of our operating subsidiaries, including QVC, to pay dividends or to make other payments or advances to us or Liberty LLC depends on their individual operating results, any statutory, regulatory or contractual restrictions to which they may be or may become subject and the terms of their own indebtedness, including QVC's credit facility and bond indentures. The agreements governing such indebtedness restrict sales of assets and prohibit or limit the payment of dividends or the making of distributions, loans or advances to stockholders and partners. Neither we nor Liberty LLC will generally receive cash, in the form of dividends, loans, advances or otherwise, from our business affiliates. See "-We do not have the right to manage our business affiliates attributed to either our QVC Group or our Ventures Group, which means we are not able to cause those affiliates to act in a manner that we deem desirable" above.

We have disposed of certain of the reference shares underlying the exchangeable debentures of Liberty LLC attributed to our Ventures Group, which exposes us to liquidity risk. Liberty LLC currently has outstanding multiple tranches of exchangeable debentures in the aggregate principal amount of $2,416 million as of December 31, 2015. Under the terms of these exchangeable debentures, which are attributed to our Ventures Group (other than the 1% Exchangeable Senior Debentures due 2043, which are attributed to the QVC Group), the holders may elect to require Liberty LLC to exchange the debentures for the value of a specified number of the underlying reference shares, which Liberty LLC may honor through delivery of reference shares, cash or a combination thereof. Also, Liberty LLC is required to distribute to the holders of its exchangeable debentures any cash, securities (other than publicly traded securities, which would themselves become reference shares) or other payments made by the issuer of the reference shares in respect of those shares. The principal amount of the debentures will be reduced by the amount of any such required distributions other than regular cash dividends. As Liberty LLC has disposed of some of the reference shares underlying certain of these exchangeable debentures, any exercise of the exchange right by, or required distribution of cash, securities or other payments to, holders of such debentures will require that Liberty LLC fund the required payments from its own resources, which will depend on the availability of cash or other sources of liquidity to Liberty LLC at that time. Additionally, in the event all reference shares underlying a series of exchangeable debentures are liquidated or otherwise cease to be outstanding without replacement, there is a possibility that the treatment of tax matters associated with that series could change. This may include acceleration of tax liabilities that are recorded as deferred tax liabilities in our financial statements, in amounts that would be significant.

Risks Relating to the Ownership of Our Common Stock due to our Tracking Stock Capitalization

Holders of QVC Group tracking stock and Ventures Group tracking stock are common stockholders of our company and are, therefore, subject to risks associated with an investment in our company as a whole, even if a holder does not own shares of common stock of both of our groups. Even though we have attributed, for financial reporting purposes, all of our consolidated assets, liabilities, revenue, expenses and cash flows to either the QVC Group or the Ventures Group in order to prepare the separate financial statement schedules for each of those groups, we retain legal title to all of our assets and our capitalization does not limit our legal responsibility, or that of our subsidiaries, for the liabilities included in any set of financial statement schedules. Holders of QVC Group tracking stock and Ventures Group tracking stock do not have any legal rights related to specific assets attributed to the QVC Group or the Ventures Group and, in any liquidation, holders of QVC Group tracking stock and holders of Ventures Group tracking stock will be entitled to receive a pro rata share of our available net assets based on their respective numbers of liquidation units.

Our board of directors' ability to reattribute businesses, assets and expenses between tracking stock groups may make it difficult to assess the future prospects of either tracking stock group based on its past performance. Our board of directors is vested with discretion to reattribute businesses, assets and liabilities that are attributed to one tracking stock group to the other tracking stock group, without the approval of any of our stockholders. For example, in October 2014,

our board of directors approved the change in attribution from the QVC Group to the Ventures Group of certain Liberty online commerce subsidiaries and approximately $1 billion in cash, without stockholder approval. Any reattribution made by our board, as well as the existence of the right in and of itself to effect a reattribution, may impact the ability of investors to assess the future prospects of either tracking stock group, including its liquidity and capital resource needs, based on its past performance. Stockholders may also have difficulty evaluating the liquidity and capital resources of each group based on past performance, as our board of directors may use one group's liquidity to fund the other group's liquidity and capital expenditure requirements through the use of inter-group loans and inter-group interests.

We could be required to use assets attributed to one group to pay liabilities attributed to the other group. The assets attributed to one group are potentially subject to the liabilities attributed to the other group, even if those liabilities arise from lawsuits, contracts or indebtedness that are attributed to such other group. While our current management and allocation policies provide that reattributions of assets between groups will result in the creation of an inter-group loan or an inter-group interest or an offsetting reattribution of cash or other assets, no provision of our restated charter prevents us from satisfying liabilities of one group with assets of the other group, and our creditors are not in any way limited by our tracking stock capitalization from proceeding against any assets they could have proceeded against if we did not have a tracking stock capitalization.

The market price of QVC Group tracking stock and Ventures Group tracking stock may not reflect the performance of the QVC Group and the Ventures Group, respectively, as we intend. We cannot assure you that the market price of the common stock of a group, in fact, will reflect the performance of the group of businesses, assets and liabilities attributed to that group. Holders of QVC Group tracking stock and Ventures Group tracking stock are common stockholders of our company as a whole and, as such, will be subject to all risks associated with an investment in our company and all of our businesses, assets and liabilities. As a result, the market price of each series of stock of a group may simply reflect the performance of our company as a whole or may more independently reflect the performance of some or all of the group of assets attributed to such group. In addition, investors may discount the value of the stock of a group because it is part of a common enterprise rather than a stand-alone entity.

The market price of QVC Group tracking stock and Ventures Group tracking stock may be volatile, could fluctuate substantially and could be affected by factors that do not affect traditional common stock. The market prices of QVC Group tracking stock and Ventures Group tracking stock may be materially affected by, among other things:

- actual or anticipated fluctuations in a group's operating results or in the operating results of particular companies attributable to such group;
- potential acquisition activity by our company, our subsidiaries or our business affiliates;
- issuances of debt or equity securities to raise capital by our company, our subsidiaries or our business affiliates and the manner in which that debt or the proceeds of an equity issuance are attributed to each of the groups;
- changes in financial estimates by securities analysts regarding QVC Group tracking stock or Ventures Group tracking stock or the companies attributable to either of our tracking stock groups;
- the complex nature and the potential difficulties investors may have in understanding the terms of both of our tracking stocks, as well as concerns regarding the possible effect of certain of those terms on an investment in our stock; and
- general market conditions.

The market value of QVC Group tracking stock and Ventures Group tracking stock could be adversely affected by events involving the assets and businesses attributed to either of the groups. Because we are the issuer of QVC Group tracking stock and Ventures Group tracking stock, an adverse market reaction to events relating to the assets and businesses attributed to either of our groups, such as earnings announcements or announcements of new products or services, acquisitions or dispositions that the market does not view favorably, may cause an adverse reaction to the common stock of our other group. This could occur even if the triggering event is not material to us as a whole. A certain triggering event may also have a greater impact on one group than the same triggering event would have on the other group due to the asset composition of the affected group. In addition, the incurrence of significant indebtedness by us or any of our subsidiaries on behalf of one group, including indebtedness incurred or assumed in connection with acquisitions of or investments in businesses, could affect our credit rating and that of our subsidiaries and, therefore, could increase the borrowing costs of businesses attributable to our other group or the borrowing costs of our company as a whole.

We may not pay dividends equally or at all on QVC Group tracking stock or Ventures Group tracking stock. We do not presently intend to pay cash dividends on QVC Group tracking stock or Ventures Group tracking stock for the foreseeable future. However, we will have the right to pay dividends on the shares of common stock of each group in equal or unequal amounts, and we may pay dividends on the shares of common stock of one group and not pay dividends on shares of common stock of the other group. In addition, any dividends or distributions on, or repurchases of, shares relating to either group will reduce our assets legally available to be paid as dividends on the shares relating to the other group.

Our tracking stock capital structure could create conflicts of interest, and our board of directors may make decisions that could adversely affect only some holders of our common stock. Our tracking stock capital structure could give rise to occasions when the interests of holders of stock of one group might diverge or appear to diverge from the interests of holders of stock of the other group. In addition, given the nature of their businesses, there may be inherent conflicts of interests between the QVC Group and the Ventures Group. Our tracking stock groups are not separate entities and thus holders of QVC Group tracking stock and Ventures Group tracking stock do not have the right to elect separate boards of directors. As a result, our company's officers and directors owe fiduciary duties to our company as a whole and all of our stockholders as opposed to only holders of a particular group. Decisions deemed to be in the best interest of our company and all of our stockholders may not be in the best interest of a particular group when considered independently. Examples include:

- decisions as to the terms of any business relationships that may be created between the QVC Group and the Ventures Group or the terms of any reattributions of assets or liabilities between the groups;
- decisions as to the allocation of consideration among the holders of QVC Group tracking stock and Ventures Group tracking stock, or among the series of stocks relating to either of our groups, to be received in connection with a merger involving our company;
- decisions as to the allocation of corporate opportunities between the groups, especially where the opportunities might meet the strategic business objectives of both groups;
- decisions as to operational and financial matters that could be considered detrimental to one group but beneficial to the other;
- decisions as to the conversion of shares of common stock of one group into shares of common stock of the other;
- decisions regarding the creation of, and, if created, the subsequent increase or decrease of any inter-group interest that one group may own in the other group;
- decisions as to the internal or external financing attributable to businesses or assets attributed to either of our groups;
- decisions as to the dispositions of assets of either of our groups; and
- decisions as to the payment of dividends on the stock relating to either of our groups.

Our directors' or officers' ownership of QVC Group tracking stock and Ventures Group tracking stock may create or appear to create conflicts of interest. If directors or officers own disproportionate interests (in percentage or value terms) in QVC Group tracking stock or Ventures Group tracking stock, that disparity could create or appear to create conflicts of interest when they are faced with decisions that could have different implications for the holders of QVC Group tracking stock or Ventures Group tracking stock.

Other than pursuant to our management and allocation policies, we have not adopted any specific procedures for consideration of matters involving a divergence of interests among holders of shares of stock relating to our two groups, or among holders of different series of stock relating to a specific group. Rather than develop additional specific procedures in advance, our board of directors intends to exercise its judgment from time to time, depending on the circumstances, as to how best to:

- obtain information regarding the divergence (or potential divergence) of interests;
- determine under what circumstances to seek the assistance of outside advisers;
- determine whether a committee of our board of directors should be appointed to address a specific matter and the appropriate members of that committee; and
- assess what is in our best interests and the best interests of all of our stockholders.

Our board of directors believes the advantage of retaining flexibility in determining how to fulfill its responsibilities in any such circumstances as they may arise outweighs any perceived advantages of adopting additional specific procedures in advance.

Our board of directors may change the management and allocation policies to the detriment of either group without stockholder approval. Our board of directors has adopted certain management and allocation policies to serve as guidelines in making decisions regarding the relationships between the QVC Group and the Ventures Group with respect to matters such as tax liabilities and benefits, inter-group loans, inter-group interests, attribution of assets, financing alternatives, corporate opportunities and similar items. These policies also set forth the initial focuses and strategies of these groups and the initial attribution of our businesses, assets and liabilities between them. These policies are not included in the restated charter. Our board of directors may at any time change or make exceptions to these policies. Because these policies relate to matters concerning the day-to-day management of our company as opposed to significant corporate actions, such as a merger involving our company or a sale of substantially all of our assets, no stockholder approval is required with respect to their adoption or amendment. A decision to change, or make exceptions to, these policies or adopt additional policies could disadvantage one group while advantaging the other.

Holders of shares of stock relating to a particular group may not have any remedies if any action by our directors or officers has an adverse effect on only that stock, or on a particular series of that stock. Principles of Delaware law and the provisions of our restated charter may protect decisions of our board of directors that have a disparate impact upon holders of shares of stock relating to a particular group, or upon holders of any series of stock relating to a particular group. Under Delaware law, the board of directors has a duty to act with due care and in the best interests of all of our stockholders, regardless of the stock, or series, they hold. Principles of Delaware law established in cases involving differing treatment of multiple classes or series of stock provide that a board of directors owes an equal duty to all stockholders and does not have separate or additional duties to any subset of stockholders. Judicial opinions in Delaware involving tracking stocks have established that decisions by directors or officers involving differing treatment of holders of tracking stocks may be judged under the "business judgment rule." In some circumstances, our directors or officers may be required to make a decision that is viewed as adverse to the holders of shares relating to a particular group or to the holders of a particular series of that stock. Under the principles of Delaware law and the business judgment rule referred to above, you may not be able to successfully challenge decisions that you believe have a disparate impact upon the stockholders of one of our groups if a majority of our board of directors is disinterested and independent with respect to the action taken, is adequately informed with respect to the action taken and acts in good faith and in the honest belief that the board is acting in the best interest of Liberty and all of our stockholders.

Stockholders will not vote on how to attribute consideration received in connection with a merger involving our company among holders of QVC Group tracking stock and Ventures Group tracking stock. Our restated charter does not contain any provisions governing how consideration received in connection with a merger or consolidation involving our company is to be attributed to the holders of QVC Group tracking stock and holders of Ventures Group tracking stock or to the holders of different series of stock, and none of the holders of QVC Group tracking stock or Ventures Group tracking stock will have a separate class vote in the event of such a merger or consolidation. Consistent with applicable principles of Delaware law, our board of directors will seek to divide the type and amount of consideration received in a merger or consolidation involving our company among holders of QVC Group tracking stock and Ventures Group tracking stock in a fair manner. As the different ways the board of directors may divide the consideration between holders of stock

relating to the different groups, and among holders of different series of a particular stock, might have materially different results, the consideration to be received by holders of QVC Group tracking stock and Ventures Group tracking stock in any such merger or consolidation may be materially less valuable than the consideration they would have received if they had a separate class vote on such merger or consolidation.

We may dispose of assets of the QVC Group or the Ventures Group without your approval. Delaware law requires stockholder approval only for a sale or other disposition of all or substantially all of the assets of our company taken as a whole, and our restated charter does not require a separate class vote in the case of a sale of a significant amount of assets of any of our groups. As long as the assets attributed to the QVC Group or the Ventures Group proposed to be disposed of represent less than substantially all of our assets, we may approve sales and other dispositions of any amount of the assets of such group without any stockholder approval.

If we dispose of all or substantially all of the assets attributed to any group (which means, for this purpose, assets representing 80% of the fair market value of the total assets of the disposing group, as determined by our board of directors), we would be required, if the disposition is not an exempt disposition under the terms of our restated charter, to choose one or more of the following three alternatives:

- declare and pay a dividend on the disposing group's common stock;
- redeem shares of the disposing group's common stock in exchange for cash, securities or other property; and/or
- convert all or a portion of the disposing group's outstanding common stock into common stock of the other group.

In this type of a transaction, holders of the disposing group's common stock may receive less value than the value that a third-party buyer might pay for all or substantially all of the assets of the disposing group.

Our board of directors will decide, in its sole discretion, how to proceed and is not required to select the option that would result in the highest value to holders of any group of our common stock.

Holders of QVC Group tracking stock or Ventures Group tracking stock may receive less consideration upon a sale of the assets attributed to that group than if that group were a separate company. If the QVC Group or the Ventures Group were a separate, independent company and its shares were acquired by another person, certain costs of that sale, including corporate level taxes, might not be payable in connection with that acquisition. As a result, stockholders of a separate, independent company with the same assets might receive a greater amount of proceeds than the holders of QVC Group tracking stock or Ventures Group tracking stock would receive upon a sale of all or substantially all of the assets of the group to which their shares relate. In addition, we cannot assure you that in the event of such a sale the per share consideration to be paid to holders of QVC Group tracking stock or Ventures Group tracking stock, as the case may be, will be equal to or more than the per share value of that share of stock prior to or after the announcement of a sale of all or substantially all of the assets of the applicable group. Further, there is no requirement that the consideration paid be tax-free to the holders of the shares of common stock of that group. Accordingly, if we sell all or substantially all of the assets attributed to the QVC Group or the Ventures Group, our stockholders could suffer a loss in the value of their investment in our company.

In the event of a liquidation of Liberty, holders of Ventures Group tracking stock and QVC Group tracking stock will not have a priority with respect to the assets attributed to the related tracking stock group remaining for distribution to stockholders. Under the restated charter, upon Liberty's liquidation, dissolution or winding up, holders of the Ventures Group tracking stock and the QVC Group tracking stock will be entitled to receive, in respect of their shares of such stock, their proportionate interest in all of Liberty's assets, if any, remaining for distribution to holders of common stock in proportion to their respective number of "liquidation units" per share. Relative liquidation units were determined based on the volume weighted average prices of the Ventures Group tracking stock and the QVC Group tracking stock over the 20 trading day period which commenced shortly after the initial filing of the restated charter. Hence, the assets to be distributed to a holder of either tracking stock upon a liquidation, dissolution or winding up of Liberty will have nothing to do with the value of the assets attributed to the related tracking stock group or to changes in the relative value of the QVC Group tracking stock and the Ventures Group tracking stock over time.

Our board of directors may in its sole discretion elect to convert the common stock relating to one group into common stock relating to the other group, thereby changing the nature of your investment and possibly diluting your economic interest in our company, which could result in a loss in value to you. Our restated charter permits our board of directors, in its sole discretion, to convert all of the outstanding shares of common stock relating to either of our groups into shares of common stock of the other group on specified terms. A conversion would preclude the holders of stock in each group involved in such conversion from retaining their investment in a security that is intended to reflect separately the performance of the relevant group. We cannot predict the impact on the market value of our stock of (1) our board of directors' ability to effect any such conversion or (2) the exercise of this conversion right by our company. In addition, our board of directors may effect such a conversion at a time when the market value of our stock could cause the stockholders of one group to be disadvantaged.

Holders of QVC Group tracking stock and Ventures Group tracking stock will vote together and will have limited separate voting rights. Holders of QVC Group tracking stock and Ventures Group tracking stock will vote together as a single class, except in certain limited circumstances prescribed by our restated charter and under Delaware law. Each share of Series B common stock of each group has ten votes per share, and each share of Series A common stock of each group has one vote per share. Holders of Series C common stock of each group have no voting rights, other than those required under Delaware law. When holders of QVC Group tracking stock and Ventures Group tracking stock vote together as a single class, holders having a majority of the votes will be in a position to control the outcome of the vote even if the matter involves a conflict of interest among our stockholders or has a greater impact on one group than the other.

Transactions in our common stock by our insiders could depress the market price of our common stock. Sales of or hedging transactions such as collars relating to our shares by our Chairman of the Board or any of our other directors or executive officers could cause a perception in the marketplace that our stock price has peaked or that adverse events or trends have occurred or may be occurring at our company. This perception can result notwithstanding any personal financial motivation for these insider transactions. As a result, insider transactions could depress the market price for shares of one or more series of our tracking stocks.

Our capital structure, as well as the fact that the QVC Group and the Ventures Group are not independent companies, may inhibit or prevent acquisition bids for the QVC Group or the Ventures Group and may make it difficult for a third party to acquire us, even if doing so may be beneficial to our stockholders. If the QVC Group and the Ventures Group were separate independent companies, any person interested in acquiring the QVC Group or the Ventures Group without negotiating with management could seek control of that group by obtaining control of its outstanding voting stock, by means of a tender offer, or by means of a proxy contest. Although we intend QVC Group tracking stock and Ventures Group tracking stock to reflect the separate economic performance of the QVC Group and the Ventures Group, respectively, those groups are not separate entities and a person interested in acquiring only one group without negotiation with our management could obtain control of that group only by obtaining control of a majority in voting power of all of the outstanding shares of common stock of our company. The existence of shares of common stock, and different series of shares, relating to different groups could present complexities and in certain circumstances pose obstacles, financial and otherwise, to an acquiring person that are not present in companies that do not have capital structures similar to ours.

Certain provisions of our restated charter and bylaws may discourage, delay or prevent a change in control of our company that a stockholder may consider favorable. These provisions include:

- authorizing a capital structure with multiple series of common stock, a Series B common stock of each group that entitles the holders to ten votes per share, a Series A common stock of each group that entitles the holder to one vote per share, and a Series C common stock of each group that except as otherwise required by applicable law, entitles the holder to no voting rights;
- classifying our board of directors with staggered three-year terms, which may lengthen the time required to gain control of our board of directors;
- limiting who may call special meetings of stockholders;
- prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of the stockholders;
- establishing advance notice requirements for nominations of candidates for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings;

- requiring stockholder approval by holders of at least 66 2/3% of our aggregate voting power or the approval by at least 75% of our board of directors with respect to certain extraordinary matters, such as a merger or consolidation of our company, a sale of all or substantially all of our assets or an amendment to our restated charter; and
- the existence of authorized and unissued stock, including "blank check" preferred stock, which could be issued by our board of directors to persons friendly to our then current management, thereby protecting the continuity of our management, or which could be used to dilute the stock ownership of persons seeking to obtain control of our company.

Our chairman, John C. Malone, beneficially owns shares representing the power to directapproximately 36% of the aggregate voting power in our company, due to his beneficial ownership of approximately 95% and 95% of the outstanding shares of each of our Series B QVC Group common stock and Series B Liberty Ventures common stock, respectively, as of January 31, 2016.

Item 1B. Unresolved Staff Comment s

None.

Item 2. Properties .

We lease our corporate headquarters in Englewood, Colorado under a facilities agreement with LMC. All of our other real or personal property is owned or leased by our subsidiaries and business affiliates.

QVC owns its corporate headquarters and operations center in West Chester, Pennsylvania, which consists of office space and includes executive offices, television studios, showrooms, broadcast facilities and administrative offices for QVC. QVC also owns call centers in San Antonio, Texas; Port St. Lucie, Florida; Chesapeake, Virginia; Bochum and Kassel, Germany; and Chiba-Shi, Japan. In June 2015, QVC announced its decision to close its Port St. Lucie phone center in March 2016. QVC owns distribution centers in Lancaster, Pennsylvania; Suffolk, Virginia; Rocky Mount, North Carolina; Florence, South Carolina; Sakura-shi, Chiba, Japan; and Hücklehoven, Germany. Additionally, QVC owns multi-functional buildings in Knowsley, United Kingdom and Brugherio, Italy. To supplement the facilities QVC owns, it also leases various facilities worldwide. Additionally, on July 2, 2015, QVC entered into a lease for a 1 million square foot west coast distribution center in Ontario, California. Construction on this distribution center is expected to be completed in mid-2016.

zulily leases its corporate headquarters in Seattle, Washington, fulfillment centers in Lockbourne, Ohio, McCarran, Nevada and Bethlehem, Pennsylvania, and corporate offices in Columbus, Ohio and Gahanna, Ohio.

Our other subsidiaries and business affiliates own or lease the fixed assets necessary for the operation of their respective businesses, including office space, transponder space, headends, cable television and telecommunications distribution equipment and telecommunications switches.

Item 3. Legal Proceeding s

None.

Item 4. Mine Safety Disclosure s

Not applicable.

PART I I

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

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, on April 11, 2014, a two for one stock split of Series A and Series B Liberty Ventures common stock was effected by means of a dividend that 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. Accordingly, the high and low sales prices of LVNTA and LVNTB common stock have been retroactively restated in the table below. On October 3, 2014, Liberty reattributed from the Interactive Group to the Ventures Group approximately $1 billion in cash and its Digital Commerce companies. Subsequent to the reattribution, the Interactive Group is now referred to as the QVC Group. In connection with the reattribution, the Liberty Interactive tracking stock trading symbol “LINTA” was changed to "QVCA" and the "LINTB" trading symbol to "QVCB," effective October 7, 2014. Effective June 4, 2015, the name of the “Liberty Interactive common stock” was changed to the “QVC Group common stock.” Each series of our common stock trades on the Nasdaq Global Select Market. The following table sets forth the range of high and low sales prices of shares of our common stock for the years ended December 31, 2015 and 2014.

	QVC Group			
	Series A (QVCA)		Series B (QVCB)	
	High	Low	High	Low
2014				
First quarter (1)	$ 30.12	25.58	30.00	25.01
Second quarter (1)	$ 30.68	27.76	31.10	27.70
Third quarter (1)	$ 30.23	26.95	30.17	27.04
Fourth quarter (1)	$ 30.60	22.37	31.40	23.73
2015				
First quarter	$ 29.73	27.03	30.10	27.45
Second quarter	$ 29.70	27.01	30.06	27.91
Third quarter	$ 31.62	24.72	30.75	25.80
Fourth quarter	$ 28.71	25.01	28.26	26.02

	Liberty Ventures				
	Series A (LVNTA)			Series B (LVNTB)	
		High	Low	High	Low
2014					
First quarter	$	74.21	55.63	74.66	60.65
Second quarter (April 1 - April 11)	$	68.66	56.06	71.93	58.02
Second quarter (April 12 - June 30) (2)	$	73.96	54.67	67.03	56.24
Third quarter (July 1 - August 27) (3)	$	75.95	68.45	80.02	71.72
Third quarter (August 28 - September 30) (3)	$	39.95	36.40	42.66	39.50
Fourth quarter	$	38.32	25.12	39.80	29.12
2015					
First quarter	$	42.39	35.01	40.63	36.04
Second quarter	$	45.43	38.87	43.57	36.92
Third quarter	$	43.78	35.49	43.65	38.03
Fourth quarter	$	45.39	39.79	45.31	40.27

(1) Previously reflected under the LINTA or LINTB ticker symbol, respectively, for the respective period through October 6, 2014.

(2) As discussed above and in the accompanying consolidated financial statements in Part II of this report, Liberty completed a two for one stock split on April 11, 2014 on its Series A and Series B Liberty Ventures common stock.

(3) As discussed in Part I of this report, the TripAdvisor Holdings Spin-Off was effected on August 27, 2014 as a pro-rata dividend of shares of TripAdvisor Holdings to the stockholders of Liberty's Series A and Series B Liberty Ventures common stock.

Holders

As of January 31, 2016, there were 2,173 and 104 record holders of our Series A and Series B QVC Group common stock, respectively, and 1,653 and 83 record holders of our Series A and Series B Liberty Ventures common stock, respectively. The foregoing numbers of record holders do not include the number of stockholders whose shares are held nominally by banks, brokerage houses or other institutions, but include each such institution as one shareholder.

Dividends

We have not paid any cash dividends on our common stock, and we have no present intention of so doing. Payment of cash dividends, if any, in the future will be determined by our board of directors in light of our earnings, financial condition and other relevant considerations.

Securities Authorized for Issuance Under Equity Compensation Plans

Information required by this item will be included in an amendment to this Form 10-K that will be filed with the Securities and Exchange Commission on or before April 29, 2016.

Purchases of Equity Securities by the Issuer

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. 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 Liberty Interactive 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 December 31, 2015 is as follows:

	Series A QVC Group Common Stock (QVCA)			
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**
October 1 - 31, 2015	2,665,212	$ 27.44	2,665,212	$ 1,130 million
November 1 - 30, 2015	2,669,832	$ 26.57	2,669,832	$ 1,059 million
December 1 - 31, 2015	4,092,300	$ 26.79	4,092,300	$ 949 million
Total	9,427,344		9,427,344	

21,049 shares of Series A QVC Group common stock and 4,633 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 December 31, 2015.

Item 6. Selected Financial Data .

The following tables present selected historical information relating to our financial condition and results of operations for the past five years. Certain prior period amounts have been reclassified for comparability with the current year presentation.The following data should be read in conjunction with our consolidated financial statements.

	December 31,				
	2015	2014	2013	2012	2011
	amounts in millions				
Summary Balance Sheet Data:					
Cash and cash equivalents	$ 2,449	2,306	902	2,291	846
Investments in available-for-sale securities and other cost investments	$ 1,353	1,224	1,313	1,720	1,168
Investment in affiliates	$ 1,641	1,633	1,237	851	951
Intangibles not subject to amortization	$ 9,485	7,893	8,383	8,424	8,450
Assets of discontinued operations (1) (2)	$ —	—	7,095	7,428	349
Total assets (2)	$ 21,180	18,598	24,642	26,223	17,309
Long-term debt	$ 7,481	7,062	6,072	5,873	4,818
Deferred income tax liabilities	$ 3,502	2,821	2,926	2,935	2,897
Liabilities of discontinued operations (1) (2)	$ —	—	1,452	1,748	19
Equity (2)	$ 6,875	5,780	11,435	12,051	6,627
Noncontrolling interest (1)	$ 88	107	4,499	4,489	134

	Years ended December 31,				
	2015	2014	2013	2012	2011
	amounts in millions, except per share amounts				
Summary Statement of Operations Data:					
Revenue	$ 9,989	10,499	10,219	9,888	9,461
Operating income (loss)	$ 1,116	1,188	1,136	1,163	1,133
Interest expense	$ (360)	(387)	(380)	(466)	(426)
Share of earnings (losses) of affiliates	$ (60)	39	33	47	139
Realized and unrealized gains (losses) on financial instruments, net	$ 114	(57)	(22)	(351)	84
Gains (losses) on transactions, net	$ 110	74	(1)	443	—
Gains (losses) on dilution of investments in affiliates	$ 314	(2)	1	(5)	9
Earnings (loss) from continuing operations (3):					
Liberty Capital common stock	NA	NA	NA	NA	10
Liberty Interactive Corporation common stock	NA	NA	NA	33	576
QVC Group common stock	$ 674	575	500	291	NA
Liberty Ventures common stock	237	3	54	281	NA
	$ 911	578	554	605	586
Basic earnings (loss) from continuing operations attributable to Liberty Interactive Corporation stockholders per common share (4):					
Series A and Series B Liberty Capital common stock	NA	NA	NA	NA	0.12
Series A and Series B Liberty Interactive Corporation common stock	NA	NA	NA	—	0.88
Series A and Series B QVC Group common stock	$ 1.35	1.10	0.88	0.48	NA
Series A and Series B Liberty Ventures common stock	$ 1.61	0.03	0.74	4.26	NA
Diluted earnings (loss) from continuing operations attributable to Liberty Interactive Corporation stockholders per common share (4):					
Series A and Series B Liberty Capital common stock	NA	NA	NA	NA	0.12
Series A and Series B Liberty Interactive Corporation common stock	NA	NA	NA	—	0.87
Series A and Series B QVC Group common stock	$ 1.33	1.09	0.86	0.47	NA
Series A and Series B Liberty Ventures common stock	$ 1.60	0.03	0.73	4.19	NA

(1) On December 11, 2012, we acquired approximately 4.8 million additional shares of common stock of TripAdvisor, Inc. ("TripAdvisor") (an additional 4% equity ownership interest), for $300 million, along with the right to control the vote of the shares of TripAdvisor's common stock and class B common stock we own. Following the transaction we owned approximately 22% of the equity and 57% of the total votes of all classes of TripAdvisor common stock. On

August 27, 2014, we completed the TripAdvisor Holdings Spin-Off. TripAdvisor Holdings is comprised of Liberty's former interest in TripAdvisor as well as BuySeasons, Inc., Liberty's former wholly-owned subsidiary, and corporate level debt. 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 consolidated financial statements of Liberty have been prepared to reflect TripAdvisor Holdings as discontinued operations. However, noncontrolling interest attributable to our former ownership interest in TripAdvisor is included in the noncontrolling interest line item in the consolidated balance sheet from the date of acquisition until the date of completion of the TripAdvisor Holdings Spin-Off. See note 6 of the accompanying consolidated financial statements for further details on the TripAdvisor Holdings Spin-Off.

(2) On September 23, 2011, Liberty completed the LMC Split-Off. At the time of the LMC Split-Off, LMC owned all the assets, businesses and liabilities previously attributed to the Capital and Starz tracking stock groups. The LMC Split-Off was effected by means of a redemption of all of the Liberty Capital common stock and Liberty Starz common stock of Liberty in exchange for the common stock of LMC.

(3) Includes earnings (losses) from continuing operations attributable to the noncontrolling interests of$42 million, $40 million, $45 million, $63 million and $53 million for the years ended December 31, 2015, 2014, 2013, 2012, and 2011, respectively.

(4) Basic and diluted earnings per share have been calculated for Liberty Capital and Liberty Starz common stock for the period subsequent to March 3, 2008 through September 23, 2011. Basic and diluted EPS have been calculated for Liberty Interactive Corporation common stock for the periods from May 9, 2006 to August 9, 2012. Basic and diluted EPS have been calculated for QVC Group common stock and Liberty Ventures common stock subsequent to August 9, 2012.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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 consolidated financial statements and the notes thereto.

Overview

We own controlling and non-controlling interests in a broad range of video and on-line commerce companies. Our largest business and reportable segment, is QVC, Inc. (“QVC”). QVC markets and sells a wide variety of consumer products in the United States and several foreign countries, primarily by means of its televised shopping programs and via the Internet through its domestic and international websites and mobile applications. 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. See note 5 of the accompanying consolidated financial statements for further details on the acquisition of zulily.

Our “Corporate and Other” category includes entire or majority interests in consolidated subsidiaries, which operate on-line commerce businesses in a broad range of retail categories, ownership interests in unconsolidated businesses and corporate expenses. These consolidated subsidiaries include Bodybuilding.com, LLC ("Bodybuilding"), CommerceHub, Evite, Inc. (“Evite”), Provide Commerce, Inc. (“Provide”) (through December 31, 2014, see note 9 of the accompanying consolidated financial statements), and Backcountry.com, Inc. ("Backcountry") (through June 30, 2015, see note 6 of the accompanying consolidated financial statements), (collectively, the “Digital Commerce” businesses). 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. CommerceHub provides a cloud-based 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. Evite is an online invitation and social event planning service on the Web. Provide operates an e-commerce marketplace of websites for perishable goods, including flowers, fruits and desserts, as well as upscale personalized gifts. We also hold ownership interests in Expedia, Inc., FTD Companies, Inc. (“FTD”), HSN, Inc., Interval Leisure Group, Inc. and LendingTree, 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.

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

On October 3, 2014, Liberty reattributed from the QVC Group to the Ventures Group its Digital Commerce businesses 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 on 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 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. Following the reattribution, the Ventures Group is comprised primarily of our interests in Bodybuilding, CommerceHub, Evite, Provide (through December 31, 2014), Backcountry (through June

30, 2015), Expedia, Inc., FTD, Interval Leisure Group, Inc., LendingTree, investments in Time Warner Inc. and Time Warner Cable Inc., as well as cash in the amount of approximately $2,023 million (at December 31, 2015), including subsidiary cash. The Ventures Group also has attributed to it certain liabilities related to our Exchangeable Debentures and certain deferred tax liabilities. The Ventures Group is primarily focused on the maximization of the value of these investments and investing in new business opportunities.

The term "QVC Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. The QVC Group is primarily focused on our video operating businesses. Following the reattribution, the QVC Group has attributed to it the remainder of our businesses and assets, including our wholly-owned subsidiaries QVC and zulily (as of October 1, 2015), and our 38% interest in HSN, Inc. as well as cash in the amount of approximately $426 million (at December 31, 2015), including subsidiary cash.

Disposals

On August 27, 2014, Liberty completed the TripAdvisor Holdings Spin-Off. TripAdvisor Holdings is comprised of Liberty's former 22% economic and 57% voting interest in TripAdvisor as well as BuySeasons, 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. Concurrently with the margin loans, Liberty and TripAdvisor Holdings entered into a promissory note whereby TripAdvisor Holdings may request, if the closing price per share of TripAdvisor common stock were to fall below certain minimum values, up to $200 million in funds from Liberty. The TripAdvisor Holdings Spin-Off 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 consolidated financial statements of Liberty have been prepared to reflect TripAdvisor Holdings as discontinued operations. Accordingly, the assets and liabilities, 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 consolidated balance sheets, statements of operations, comprehensive earnings and cash flows in such consolidated financial statements.

On December 31, 2014, Liberty sold Provide to FTD. Under the terms of the transaction, Liberty received approximately 10.2 million shares of FTD common stock representing approximately 35% of the combined company and approximately $145 million in cash. We recognized a gain of $75 million as a result of this transaction, which is included in the Gains (losses) on transactions, net line item in the consolidated statements of operations. Given our significant continuing involvement with FTD, Provide is not presented as a discontinued operation in the consolidated financial statements of Liberty.

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 transactions, net" in the accompanying consolidated statements 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.

Strategies and Challenges

QVC. QVC's goal is to become the preeminent global multimedia shopping community for people who love to shop, and to offer a shopping experience that is as much about entertainment and enrichment as it is about buying. QVC's objective is to provide an integrated shopping experience that utilizes all forms of media including television, the internet and mobile devices. QVC intends to employ several strategies to achieve these goals and objectives. Among these strategies are to (i) extend the breadth, relevance and exposure of the QVC brand; (ii) source products that represent unique quality and value; (iii) create engaging presentation content in televised programming, mobile and online; (iv) leverage customer loyalty and continue multi-platform expansion; and (v) create a compelling and differentiated customer experience. In addition, QVC expects to expand globally by leveraging its existing systems, infrastructure and skills in other countries around the world.

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.

The prolonged economic uncertainty in various regions of the world in which our subsidiaries and affiliates operate could adversely affect demand for QVC's products and services since a substantial portion of QVC's revenue is derived from discretionary spending by individuals, which typically falls during times of economic instability. Global financial markets continue to experience disruptions, including increased volatility and diminished liquidity and credit availability. If economic and financial market conditions in the U.S. or other key markets, including Japan and Europe, remain uncertain, persist, or deteriorate further, QVC's customers may respond by suspending, delaying, or reducing their discretionary spending. A suspension, delay or reduction in discretionary spending could adversely affect revenue. Accordingly, QVC's ability to increase or maintain revenue and earnings could be adversely affected to the extent that relevant economic environments remain weak or decline. Such weak economic conditions may also inhibit QVC's expansion into new European and other markets. QVC is currently unable to predict the extent of any of these potential adverse effects.

zulily. zulily's objective is to be the leading online retail destination for moms. zulily's goal is to be part of its customers' daily routine, allowing them to visit zulily sites and discover a selection of fresh, new and affordable merchandise curated for them every morning. zulily intends to employ the following strategies to achieve these goals and objectives (i) acquire new customers; (ii) increase customer loyalty and repeat purchasing; (iii) add new vendors and strengthen existing vendor relationships; and (iv) invest in mobile platform. In addition, zulily expects to invest in and develop international markets.

zulily has limited contractual assurances of continued supply, pricing or access to new products, and vendors could change the terms upon which they sell to zulily or discontinue selling to zulily for future sales at any time. As zulily grows, continuing to identify a sufficient number of new emerging brands and smaller boutique vendors may become more and more of a challenge. If zulily is not able to identify and effectively promote these new brands, it may lose customers to competitors. Even if zulily identifies new vendors, it may not be able to purchase desired merchandise in sufficient quantities on acceptable terms in the future, and products from alternative sources, if any, may be of a lesser quality or more expensive than those from existing vendors. In addition, larger national brands may offer products that are less unique, and it may be easier for zulily's competitors to offer such products at prices or upon terms that may be compelling to consumers. An inability to purchase suitable merchandise on acceptable terms or to source new vendors could have an adverse effect on zulily's business.

To support its large and diverse base of vendors and its flash sales model that requires constantly changing products, zulily must incur costs related to its merchandising team, photography studios and creative personnel. As zulily grows, it may not be able to continue to expand its product offerings in a cost-effective manner. In addition, the variety in size and sophistication of zulily's vendors presents different challenges to its infrastructure and operations. zulily's emerging brands and smaller boutique vendors may be less experienced in manufacturing and shipping, which in the past has led to inconsistencies in quality, delays in the delivery of merchandise or additional fulfillment cost. zulily's larger national brands may impose additional requirements or offer less favorable terms than smaller vendors related to margins and inventory ownership and risk and may also be unable to ship products timely. If zulily is unable to maintain and effectively manage its relationships with emerging brands and smaller boutique vendors or larger national brands, zulily's business could be adversely affected.

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 principal reportable segments. The "Corporate and other" category consists of those assets or businesses which we do not disclose separately, including our Digital Commerce businesses, which are included in the QVC Group results through the date of reattribution and in the Ventures Group thereafter. For a more detailed discussion and analysis of the financial results of the principal reporting segment, see "Results of Operations - Businesses" below.

Operating Results

	Years ended December 31,		
	2015	**2014**	**2013**
	amounts in millions		
Revenue			
QVC Group			
QVC	$ 8,743	8,801	8,623
zulily	426	NA	NA
Corporate and other	—	1,227	1,596
Total QVC Group	9,169	10,028	10,219
Ventures Group			
Corporate and other	820	471	—
Total Ventures Group	820	471	—
Consolidated Liberty	$ 9,989	10,499	10,219
Adjusted OIBDA			
QVC Group			
QVC	$ 1,894	1,910	1,841
zulily	21	NA	NA
Corporate and other	(28)	29	83
Total QVC Group	1,887	1,939	1,924
Ventures Group			
Corporate and other	59	26	(11)
Total Ventures Group	59	26	(11)
Consolidated Liberty	$ 1,946	1,965	1,913
Operating Income (Loss)			
QVC Group			
QVC	$ 1,275	1,279	1,245
zulily	(53)	NA	NA
Corporate and other	(52)	(73)	(90)
Total QVC Group	1,170	1,206	1,155
Ventures Group			
Corporate and other	(54)	(18)	(19)
Total Ventures Group	(54)	(18)	(19)
Consolidated Liberty	$ 1,116	1,188	1,136

Revenue. Our consolidated revenue decreased 4.9% and increased 2.7% for the years ended December 31, 2015 and 2014, respectively, as compared to the corresponding prior year periods. QVC's revenue decreased $58 million and increased $178 million for the years ended December 31, 2015 and 2014, respectively, as compared to the corresponding prior year periods. zulily's revenue for the period October 1, 2015 (date of acquisition) through December 31, 2015 was $426 million. Ignoring the reattribution, total Corporate and other revenue decreased $878 million for the year ended December 31, 2015, as compared to the corresponding prior year period, primarily due to the sale of Provide in December 2014 ($666 million) and sale of Backcountry in June 2015 ($244 million), partially offset by an increase of $23 million at

CommerceHub and increase of $8 million at Bodybuilding. CommerceHub revenue growth was driven by 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. The increase in Bodybuilding revenue for the year ended December 31, 2015 was primarily due to increased order volume, driven by increased unique website visitors, on slightly decreased average order values.

Ignoring the reattribution, total Corporate and other revenue increased $102 million for the year ended December 31, 2014, primarily due to increases of $37 million at Backcountry, $34 million at Bodybuilding and $15 million at CommerceHub. Backcountry revenue increased as a result of increased order volume and an increase in average order value. The increase in Bodybuilding revenue was primarily due to increased order volume on flat average order values. CommerceHub revenue growth was primarily attributed to growth in active customers who pay a license and setup fee and an increase in the number of aggregate transactions processed for which CommerceHub earns a per transaction fee. See "Results of Operations - Businesses" below for a more complete discussion of the results of operations of QVC and zulily.

Adjusted OIBDA. We define Adjusted OIBDA as revenue less cost of sales, operating expenses and selling, general and administrative ("SG&A") expenses (excluding stock 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 19 to the accompanying consolidated financial statements for a reconciliation of Adjusted OIBDA to earnings (loss) from continuing operations before income taxes.

Consolidated Adjusted OIBDA decreased $19 million and increased $52 million for the years ended December 31, 2015 and 2014, respectively, as compared to the corresponding prior year periods. QVC's Adjusted OIBDA decreased $16 million for the year ended December 31, 2015 and increased $69 million for the year ended December 31, 2014, as compared to the corresponding prior year periods. zulily's Adjusted OIBDA for the period October 1, 2015 (date of acquisition) through December 31, 2015 was $21 million, excluding certain purchase accounting adjustments. Ignoring the reattribution, total Corporate and other Adjusted OIBDA decreased $23 million for the year ended December 31, 2015, as compared to the corresponding prior year period,primarily due to the sale of Provide in December 2014 ($8 million) and the sale of Backcountry in June 2015 ($15 million). Ignoring the reattribution, total Corporate and other Adjusted OIBDA decreased $17 million for the year ended December 31, 2014, as compared to the corresponding prior year period. The decrease was primarily due to decreases of $22 million at Provide, resulting from slower revenue growth and the impact of shipping issues related to a storm in the first quarter of 2014, partially offset by increases in Adjusted OIBDA at Backcountry, Bodybuilding and Commerce Hub. See "Results of Operations - Businesses" below for a more complete discussion of the results of operations of QVC and zulily.

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

We recorded $127 million, $108 million and $118 million of stock compensation expense for the years ended December 31, 2015, 2014 and 2013, respectively. The increase of $19 million in stock-based compensation during 2015 was primarily attributable to an increase in stock-based compensation at a few subsidiaries due to the growth in the fair value of those entities and due to options granted to zulily employees upon acquisition. The decrease of $10 million in stock-based compensation during 2014 was primarily attributable to slightly fewer options being granted in recent years which resulted in less stock-based compensation expense being recognized. As of December 31, 2015, the total unrecognized compensation cost related to unvested Liberty equity awards was approximately $113 million. Such amount will be recognized in our consolidated statements of operations over a weighted average period of approximately 2.4 years.

Operating income. Our consolidated operating income decreased $72 million and increased $52 million for the years ended December 31, 2015 and 2014, respectively, as compared to the corresponding prior year periods. QVC's operating income was relatively flat for the year ended December 31, 2015 and increased $34 million for the year ended December 31, 2014, as compared to the corresponding prior year periods. zulily's operating losses for the period October 1, 2015 (date of acquisition) through December 31, 2015 were $54 million. Ignoring the reattribution, operating losses for Corporate and other increased $13 million for the year ended December 31, 2015, as compared to the corresponding prior year period, primarily due to $28 million of decreases in operating income at CommerceHub, $7 million of decreases at Backcountry, and $6 million of decreases at Bodybuilding, partially offset by improvements of $13 million at Evite and $11 million at Provide. Operating losses improved $18 million for the year ended December 31, 2014, as compared to the corresponding prior year period, primarily due to $21 million improvements in operating results at Provide. See "Results of Operations - Businesses" below for a more complete discussion of the results of operations of QVC and zulily.

Other Income and Expense

Components of Other Income (Expense) are presented in the table below.

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Interest expense			
QVC Group	$ (283)	(312)	(290)
Ventures Group	(77)	(75)	(90)
Consolidated Liberty	$ (360)	(387)	(380)
Share of earnings (losses) of affiliates			
QVC Group	$ 55	51	48
Ventures Group	(115)	(12)	(15)
Consolidated Liberty	$ (60)	39	33
Realized and unrealized gains (losses) on financial instruments, net			
QVC Group	$ 42	(22)	(12)
Ventures Group	72	(35)	(10)
Consolidated Liberty	$ 114	(57)	(22)
Gains (losses) on transactions, net			
QVC Group	$ —	—	(1)
Ventures Group	110	74	—
Consolidated Liberty	$ 110	74	(1)
Gains (losses) on dilution of investments in affiliates			
QVC Group	$ —	(2)	4
Ventures Group	314	—	(3)
Consolidated Liberty	$ 314	(2)	1
Other, net			
QVC Group	$ (6)	(41)	(58)
Ventures Group	25	22	28
Consolidated Liberty	$ 19	(19)	(30)

Interest expense. Interest expense decreased $27 million and increased $7 million for the years ended December 31, 2015 and 2014, respectively, as compared to the corresponding prior year periods. The decrease in interest expense for the year ended December 31, 2015 is attributable to QVC's refinancing activities resulting in a lower average interest rate.

The increase in interest expense for the year ended December 31, 2014 was due to increased utilization of the QVC credit facility during the year.

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

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
QVC Group			
HSN, Inc.	$ 64	60	61
Other	(9)	(9)	(13)
Total QVC Group	55	51	48
Ventures Group			
Expedia, Inc.	118	58	31
FTD, Inc.	(83)	—	—
Other	(150)	(70)	(46)
Total Ventures Group	(115)	(12)	(15)
Consolidated Liberty	$ (60)	39	33

The increase in Liberty's share of Expedia's earnings between December 31, 2015 and 2014 is primarily due to a significant gain Expedia recognized on the sale of a business during the year ended December 31, 2015. On December 31, 2014, Liberty acquired an approximate 35% interest in FTD, Inc. ("FTD"). Liberty's share of FTD's losses was $83 million for the year ended December 31, 2015. The carrying value of Liberty's investment in FTD was impaired to the fair value as of December 31, 2015. The share of earnings (losses) of affiliates for the year ended December 31, 2014 was relatively flat based on the operating results of the equity affiliates. The Other category for the Ventures Group is comprised of investments in LendingTree, Interval Leisure Group, alternative energy investments and other investments. The alternative energy investments generally operate at a loss but provide favorable tax attributes recorded through the income tax (expense) benefit line item in the consolidated statements of operations. During the year ended December 31, 2015, Liberty recorded an impairment of approximately $98 million related to one of its alternative energy investments which has underperformed operationally.

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:

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Fair value option securities	$ 84	173	514
Exchangeable senior debentures	30	(230)	(553)
Other derivatives	—	—	17
	$ 114	(57)	(22)

The changes in these accounts are due primarily to market factors and changes in the fair value of the underlying stocks or financial instruments to which these relate.

Gains (losses) on transactions, net. The gain on transactions for the year ended December 31, 2015 primarily relates to the sale of Backcountry on June 30, 2015, which resulted in a $105 million gain. The gain on transactions during the year ended December 31, 2014 is due to the sale of Provide to FTD.

Gains (losses) on dilution of investments in affiliates. Liberty recognized gains on dilution of investments in affiliates of $314 million during the year ended December 31, 2015, losses of $2 million during the year ended December 31, 2014 and gains of $1 million during the year ended December 31, 2013. The significant dilution gain in 2015 is due to an acquisition by Expedia that was executed through the issuance of stock. This diluted Liberty's ownership percentage at a price greater than our cost basis.

Income taxes. Our effective tax rate for the years ended December 31, 2015, 2014, and 2013 was 27.3%, 30.9% and 24.8%, respectively. The effective tax rate is less than the U.S. federal tax rate of 35% during all years presented primarily due to tax credits derived from our alternative energy investments. In addition, in 2015, Liberty recognized tax benefits related to the receipt of taxable dividends that are subject to dividends received deductions. The effective tax rate during 2014 and 2013 was further impacted by a change in the corporate effective state rate for outstanding deferred tax liabilities and assets at Liberty due to a change in the apportionment of income to various states.

Net earnings. We had net earnings of $911 million, $626 million and $580 million for the years ended December 31, 2015, 2014 and 2013, respectively. The change in net earnings was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Liquidity and Capital Resources

As of December 31, 2015 substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, other government securities or government guaranteed funds, AAA rated money market funds and other highly rated financial and corporate debt instruments.

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

During the year, there were no changes to our corporate debt credit ratings or ourconsolidated subsidiaries' debt credit ratings. Liberty and QVC are in compliance with their debt covenants as of December 31, 2015.

As of December 31, 2015, Liberty's liquidity position consisted of the following:

	Cash and cash equivalents	Marketable securities	Available-for-sale securities
	amounts in millions		
QVC	$ 326	—	—
zulily	56	—	—
Corporate and other	44	12	4
Total QVC Group	426	12	4
Corporate and other	2,023	898	1,349
Total Ventures Group	2,023	898	1,349
Consolidated Liberty	$ 2,449	910	1,353

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 $ 434.8 million available for borrowing under the QVC credit facility at December 31, 2015. As of December 31, 2015, QVC had approximately $195 million of cash and cash equivalents held in foreign subsidiaries.

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.

Cash Flow Information	Years ended December 31, 2015	2014	2013
	amounts in millions		
QVC Group cash provided (used) by operating activities	$ 981	1,204	985
Ventures Group cash provided (used) by operating activities	65	436	42
Net cash provided (used) by operating activities	$ 1,046	1,640	1,027
QVC Group cash provided (used) by investing activities	$ (909)	(281)	(356)
Ventures Group cash provided (used) by investing activities	98	(177)	194
Net cash provided (used) by investing activities	$ (811)	(458)	(162)
QVC Group cash provided (used) by financing activities	$ (65)	(1,036)	(686)
Ventures Group cash provided (used) by financing activities	(24)	970	(1,522)
Net cash provided (used) by financing activities	$ (89)	(66)	(2,208)

QVC Group

During the year ended December 31, 2015, the QVC Group uses of cash were primarily acquisitions, net of cash acquired, of $824 million and the repurchase of Series A QVC Group common stock of $785 million. Additionally, the QVC Group had approximately $223 million of capital expenditures during the year ended December 31, 2015. These uses of cash were funded by cash provided by operating activities, additional net borrowings of debt of $725 million 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 bondholders.

The projected uses of QVC Group cash are the cost to service outstanding debt, approximately$270 million in interest payments on QVC and corporate level debt, anticipated capital improvement spending of approximately $240 million and the continued buyback of QVC Group common stock under the approved share buyback program.

Ventures Group

During the year ended December 31, 2015, the Ventures Group uses of cash were primarily the repayment of certain debt obligations of $567 million and investments in and loans to cost and equity investees of $143 million. These uses of cash for the Ventures Group were funded by proceeds from dispositions of $271 million and the refinancing of certain debt obligations of $589 million.

The projected uses of Ventures Group cash are approximately $52 million in interest payments to service outstanding debt, anticipated capital improvement spending of approximately $38 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 consolidated financial statements).

Consolidated

During the year ended December 31, 2015, Liberty's primary uses of cash were $3,811 million of repayments on outstanding debt, acquisitions, net of cash acquired, of $844 million and repurchases of Series A QVC Group common stock of $785 million. These uses of cash were funded primarily with borrowings of $4,558 million and cash provided by operating activities.

The projected uses of Liberty's cash, outside of normal operating expenses (inclusive of tax payments), are the costs to service outstanding debt, approximately $322 million for interest payments on outstanding debt, corporate level and other subsidiary debt, anticipated capital improvement spending of approximately $278 million, the repayment of certain debt obligations and the potential buyback of common stock under the approved share buyback program and additional investments in existing or new businesses. 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 consolidated 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 in future periods and outstanding borrowing capacity will be sufficient to fund projected uses of cash.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

In connection with agreements for the sale of assets by our company, we may retain liabilities that relate to events occurring prior to the sale, such as tax, environmental, litigation and employment matters. We generally indemnify the purchaser in the event that a third party asserts a claim against the purchaser that relates to a liability retained by us. These types of indemnification obligations may extend for a number of years. We are unable to estimate the maximum potential liability for these types of indemnification obligations as the sale agreements may not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, we have not made any significant indemnification payments under such agreements and no amount has been accrued in the accompanying consolidated financial statements with respect to these indemnification obligations.

We have contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible we 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 consolidated financial statements.

Information concerning the amount and timing of required payments, both accrued and off-balance sheet, under our contractual obligations, excluding uncertain tax positions as it is undeterminable when payments will be made, is summarized below.

	Payments due by period				
	Total	Less than 1 year	2 - 3 years	4 - 5 years	After 5 years
	amounts in millions				
Consolidated contractual obligations					
Long-term debt (1)	$ 8,685	390	56	2,265	5,974
Interest payments (2)	6,030	322	644	576	4,488
Operating lease obligations	310	41	73	59	137
Build to suit lease	96	—	11	12	73
Purchase orders and other obligations	1,576	1,488	59	29	—
Total	$ 16,697	2,241	843	2,941	10,672

(1) Amounts are reflected in the table at the outstanding principal amount, assuming the debt instruments will remain outstanding until the stated maturity date, and may differ from the amounts stated in our consolidated balance sheet to the extent debt instruments (i) were issued at a discount or premium or (ii) have elements which are reported at fair value in our consolidated balance sheets. Amounts also include capital lease obligations. Amounts do not assume additional borrowings or refinancings of existing debt.

(2) Amounts (i) are based on our outstanding debt at December 31, 2015, (ii) assume the interest rates on our variable rate debt remain constant at the December 31, 2015 rates and (iii) assume that our existing debt is repaid at maturity.

Critical Accounting Estimates

The preparation of our financial statements in conformity with GAAP requires us 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. Listed below are the accounting estimates that we believe are critical to our financial statements due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, revenue or expense being reported. All of these accounting estimates and assumptions,

as well as the resulting impact to our financial statements, have been discussed with the audit committee of our board of directors.

Fair Value Measurements

Financial Instruments. We record a number of assets and liabilities in our consolidated balance sheets at fair value on a recurring basis, including available-for-sale ("AFS") securities, financial instruments and our exchangeable senior debentures. 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. We use quoted market prices, or Level 1 inputs, to value all our Fair Value Option Securities. As of December 31, 2015 and 2014, the carrying value of our Fair Value Option securities was $1,294 million and $1,220 million, respectively.

Level 2 inputs, other than quoted market prices included within Level 1, are observable for the asset or liability, either directly or indirectly. We use quoted market prices to determine the fair value of our exchangeable senior debentures. However, these debentures are not traded on active markets as defined in GAAP, so these liabilities fall in Level 2. As of December 31, 2015, the principal amount and carrying value of our exchangeable debentures were $2,416 million and $2,480 million, respectively.

Level 3 inputs are unobservable inputs for an asset or liability. We currently have no Level 3 financial instrument assets or liabilities.

Non-Financial Instruments. Our non-financial instrument valuations are primarily comprised of our annual assessment of the recoverability of our goodwill and other nonamortizable intangibles, such as trademarks and our evaluation of the recoverability of our other long-lived assets upon certain triggering events. If the carrying value of our long-lived assets exceeds their undiscounted cash flows, we are required to write the carrying value down to fair value. Any such writedown is included in impairment of long-lived assets in our consolidated statements of operations. A high degree of judgment is required to estimate the fair value of our long-lived assets. We may use quoted market prices, prices for similar assets, present value techniques and other valuation techniques to prepare these estimates. We may need to make estimates of future cash flows and discount rates as well as other assumptions in order to implement these valuation techniques. Due to the high degree of judgment involved in our estimation techniques, any value ultimately derived from our long-lived assets may differ from our estimate of fair value. As each of our operating segments has long-lived assets, this critical accounting policy affects the financial position and results of operations of each segment.

As of December 31, 2015, the intangible assets not subject to amortization for each of our significant reportable segments were as follows:

	Goodwill	Trademarks	Total
	amounts in millions		
QVC	$ 5,149	2,428	7,577
zulily	860	920	1,780
Corporate and other	103	25	128
	$ 6,112	3,373	9,485

We perform our annual assessment of the recoverability of our goodwill and other non-amortizable intangible assets during the fourth quarter of each year. We utilize a qualitative assessment for determining whether step one of the goodwill impairment analysis is necessary. The accounting guidance permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. In evaluating goodwill on a qualitative basis the Company reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it is more likely than not that an indicated impairment exists for any of our reporting units. The Company considers whether there are any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, the legal environments and how these factors might impact company specific performance in

future periods. As part of the analysis the Company also considers fair value determinations for certain reporting units that have been made at various points throughout the current and prior years for other purposes. There were no goodwill and other intangible impairments in 2015. During the years ended December 31, 2014 and 2013 we recorded $7 million and $30 million, respectively, in goodwill and other intangibles impairments for certain of our Digital Commerce companies, primarily Evite. Continued declining operating results as compared to budgeted results and certain trends required a Step 2 impairment test and a determination of fair value for these subsidiaries. Fair value for these subsidiaries, including intangible assets and goodwill, was determined using the respective companies' projections of future operating performance and applying a combination of market multiples and a discounted cash flow calculation (Level 3).

Carrying Value of Investments. We periodically evaluate our investments to determine if decreases in fair value below our cost bases are other than temporary. If a decline in fair value is determined to be other than temporary, we are required to reflect such decline in our consolidated statements of operations. Other than temporary declines in fair value of our cost investments are recognized on a separate line in our consolidated statements of operations, and other than temporary declines in fair value of our equity method investments are included in share of earnings (losses) of affiliates in our consolidated statements of operations.

The primary factors we consider in our determination of whether declines in fair value are other than temporary are the length of time that the fair value of the investment is below our carrying value; the severity of the decline; and the financial condition, operating performance and near term prospects of the investee. In addition, we consider the reason for the decline in fair value, be it general market conditions, industry specific or investee specific; analysts' ratings and estimates of 12 month share price targets for the investee; changes in stock price or valuation subsequent to the balance sheet date; and our intent and ability to hold the investment for a period of time sufficient to allow for a recovery in fair value. Fair value of our publicly traded cost and equity investments is based on the market prices of the investments at the balance sheet date. We estimate the fair value of our other cost and equity investments using a variety of methodologies, including cash flow multiples, discounted cash flow, per subscriber values, or values of comparable public or private businesses. Impairments are calculated as the difference between our carrying value and our estimate of fair value. As our assessment of the fair value of our investments and any resulting impairment losses and the timing of when to recognize such charges requires a high degree of judgment and includes significant estimates and assumptions, actual results could differ materially from our estimates and assumptions.

Our evaluation of the fair value of our investments and any resulting impairment charges are made as of the most recent balance sheet date. Changes in fair value subsequent to the balance sheet date due to the factors described above are possible. Subsequent decreases in fair value will be recognized in our consolidated statements of operations in the period in which they occur to the extent such decreases are deemed to be other than temporary. Subsequent increases in fair value will be recognized in our consolidated statements of operations only upon our ultimate disposition of the investment. During the year ended December 31, 2015, Liberty recorded an impairment of approximately $98 million related to one of our alternative energy investments which has underperformed operationally. In addition, during the year ended December 31, 2015, Liberty recorded an impairment of our investment in FTD, as our carrying value per share was below the trading price for a significant period of time.

Retail Related Adjustments and Allowances. QVC records adjustments and allowances for sales returns, inventory obsolescence and uncollectible receivables. Each of these adjustments is estimated based on historical experience. Sales returns are calculated as a percent of sales and are netted against revenue in our consolidated statements of operations. For the years ended December 31, 2015, 2014 and 2013, sales returns represented 19.1%, 19.4% and 19.8% of QVC's gross product revenue, respectively. The inventory obsolescence reserve is calculated as a percent of QVC's inventory at the end of a reporting period based on, among other factors, the average inventory balance for the preceding 12 months and historical experience with liquidated inventory. The change in the reserve is included in cost of retail sales in our consolidated statements of operations. At December 31, 2015, QVC's inventory was $929 million, which was net of the obsolescence adjustment of $84 million. QVC's allowance for doubtful accounts is calculated as a percent of accounts receivable at the end of a reporting period, and the change in such allowance is recorded as bad debt expense in our consolidated statements of operations. At December 31, 2015, QVC's trade accounts receivable were $1,370 million, net of the allowance for doubtful accounts of $86 million. Each of these estimates requires management judgment and may not reflect actual results.

Income Taxes. We are required to estimate the amount of tax payable or refundable for the current year and the deferred income tax liabilities and assets for the future tax consequences of events that have been reflected in our financial statements or tax returns for each taxing jurisdiction in which we operate. This process requires our management to make judgments regarding the timing and probability of the ultimate tax impact of the various agreements and transactions that we enter into. Based on these judgments we may record tax reserves or adjustments to valuation allowances on deferred tax assets to reflect the expected realizability of future tax benefits. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which we operate, our inability to generate sufficient future taxable income or unpredicted results from the final determination of each year's liability by taxing authorities. These changes could have a significant impact on our financial position.

Results of Operations—Businesses

QVC.

QVC 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 to approximately 107 million households for 24 hours per day, 364 days per year. Internationally, QVC's program services reach approximately 137 million households based in Germany, Austria, the U.K., Republic of Ireland, Italy, Japan, and France. QVC- International distributes programming live between eight and twenty-four hours per day, and an additional seven to sixteen hours per day of recorded programming, depending on the market.

QVC’s Japanese operations are conducted through a joint venture with Mitsui & Co. LTD ("Mitsui") for a television and multimedia retailing service 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 years ended December 31, 2015, 2014 and 2013, QVC-Japan paid dividends to Mitsui of $36 million, $42 million and $45 million, respectively.

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"). The Company 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. The CNRS joint venture is accounted for as an equity method investment.

In June 2015, QVC expanded its global presence into France, launching its website on June 23, 2015 followed by the launch of television programming on August 1, 2015. In addition, during the year ended December 31, 2015, QVC put into action the One Q Reorganization Plan which reorganized its department reporting structure. The purpose of the plan is to reorganize the reporting structure for a shared services arrangement to support the U.S. and international operations.

QVC's operating results were as follows:

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Net revenue	$ 8,743	8,801	8,623
Cost of sales	(5,528)	(5,547)	(5,465)
Gross profit	3,215	3,254	3,158
Operating expenses	(607)	(618)	(610)
SG&A expenses (excluding stock-based compensation)	(714)	(726)	(707)
Adjusted OIBDA	1,894	1,910	1,841
Stock-based compensation	(31)	(44)	(38)
Depreciation and amortization	(588)	(587)	(558)
Operating income	$ 1,275	1,279	1,245

Net revenue was generated from the following geographical areas:

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
QVC-U.S.	$ 6,257	6,055	5,844
QVC-International	2,486	2,746	2,779
	$ 8,743	8,801	8,623

QVC's consolidated net revenue decreased 0.7% and increased 2.1% for the years ended December 31, 2015 and 2014, respectively, as compared to the corresponding prior years. The 2015 decrease of $58 million in net revenue was primarily comprised of $357 million of unfavorable foreign currency rate adjustments, a decrease in net shipping and handling revenue of $81 million in the U.S., a $74 million increase in estimated product returns, and a $15 million decrease in other revenue primarily in the U.S. These decreases were offset by $330 million due to a 3.4% increase in units sold both in the U.S. and internationally and $139 million due to a 1.4% increase in the consolidated average selling price per unit (ASP). The increase in estimated product returns was primarily in the U.S. and Germany due to sales mixes and an increase in units shipped. 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.

The 2014 increase of $178 million in net revenue was primarily comprised of $225 million due to a 2.3% increase in units sold, partially offset by $49 million of unfavorable foreign currency rate adjustments, primarily in Japan. Additionally, net revenue was positively impacted by a decrease in the return rate from 19.8% in 2013 to 19.4% in 2014. This was driven by international improvements in home and beauty.

During the years ended December 31, 2015 and 2014, 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 inconstant currency was as follows:

	Year ended December 31, 2015		Year ended December 31, 2014	
	U.S. dollars	Constant currency	U.S. dollars	Constant currency
QVC-US	3.3 %	3.3 %	3.6 %	3.6 %
QVC-International	(9.5)%	3.5 %	(1.2)%	0.6 %

In 2015, QVC-U.S. net revenue growth was primarily due to 4.0% increase in units shipped and a 1.2% increase in ASP offset by the increase in estimated product returns and lower shipping and handling revenue as discussed in the above paragraph. QVC-U.S. experienced shipped sales growth in all categories except jewelry and electronics. QVC-International net revenue growth in constant currency was primarily due to a 2.2% increase in units shipped, driven mainly by the U.K., and a 1.6% increase in ASP, mainly in Germany, offset by the increase in estimated product returns. QVC-International experienced shipped sales growth in constant currency in all categories except electronics.

In 2014, QVC-U.S. net revenue growth was primarily due to a 4.7% increase in units shipped offset by a 0.9% decrease in ASP. QVC-U.S. experienced shipped sales growth in all categories except electronics. QVC-International net revenue growth in constant currency was primarily due to a 1.2% increase in ASP and a favorable impact on estimated product returns offset by a 1.7% decrease in units shipped. QVC-International experienced shipped sales growth in constant currency in electronics, home, and beauty, which was offset by decreases in jewelry, apparel, and accessories.

QVC's gross profit percentage was 36.8%, 37.0% and 36.6% for the years ended December 31, 2015, 2014 and 2013, respectively. The slight decrease in gross profit percentage in 2015 was primarily due to increased obsolescence and freight costs in the U.S partially offset by increased product margins in the U.S. and internationally. The increase in gross profit percentage in 2014 and 2013 was primarily due to improved product margins in the U.S. and U.K.

QVC's operating expenses are principally comprised of commissions, order processing and customer service expenses, credit card processing fees, and telecommunications expenses. Operating expenses decreased $11 million or 1.8% and increased $8 million or 1.3% for the years ended December 31, 2015 and 2014, respectively.

The decrease in 2015 was primarily due to favorable foreign currency exchange rates of $29 million, partially offset by a $9 million increase in commissions expenses and an $8 million increase in credit card fees. The increase in commissions expenses was primarily due to increased sales in the U.S. The increase in credit card fees was primarily due to increased sales combined with a higher mix of purchases from customers using credit cards with higher rates charged to merchants, primarily in the U.S.

The increase in 2014 was primarily due to a $5 million increase in each of customer service, commissions expenses and credit card processing fees, partially offset by favorable foreign currency exchange rates of $6 million and other expenses. The increase in customer service expenses was primarily due to the launch of the new European systems platform that created some short-term disruptions and resulted in additional talk times and an increase in the U.S. due to volume associated with the sales increase. The increase in commission expenses was primarily due to higher programming distribution costs in Japan and sales increases in the U.S. The increase in credit card fees was primarily due to the U.S. sales increase and lower usage of the Q Card combined with a higher mix of purchases from customers using credit cards with higher rates charged to merchants.

QVC's SG&A expenses include personnel, information technology, provision for doubtful accounts, credit card income, production costs and marketing and advertising expenses. Such expenses decreased $12 million, and remained consistent as a percent of net revenue at 8.2% and increased $19 million, and remained consistent as a percent of net revenue at 8.2% for the year ended December 31, 2014.

The decrease in 2015 was primarily related to a $48 million favorable impact of exchange rates, a $12 million increase in credit card income, and a $10 million decrease in bad debt expense, partially offset by a $53 million increase in personnel expense. The increase in credit card income was due to favorable economics of the Q card portfolio in the U.S. The decrease in bad debt was mainly due to a lower electronics Easy-Pay mix, higher usage of the Q Card in the U.S. and lower write-offs in Germany. The increase in personnel expenses was primarily due to severance costs related to the establishment of the Global Business Service center and One Q, and also due to merit, bonus and benefits increases in the U.S. and internationally, including the start-up in France.

The increase in 2014 was primarily related to a $12 million increase in the provision for doubtful accounts, an $11 million increase in outside services expenses, and a $14 million increase in personnel expense, partially offset by a $17 million increase in credit card income and a $3 million favorable impact of exchange rates. The increase in the provision for doubtful accounts was primarily due to the increased use of Easy-Pay in the U.S. and Germany. The increase in outside services expenses was primarily due to information technology and commerce platform projects and global market expansion expenses. The increase in personnel expenses was primarily due to merit, benefits and severance increases in the U.S. and the France start-up. The increase in programming and production costs was primarily due to increased manpower costs in the U.S., partially offset by declines in Germany. The increase in credit card income was primarily due to the more favorable economics of the Q Card portfolio in the U.S. and higher bank reserve requirements associated with the U.S. regulatory environment in the prior year. In 2014, QVC-U.S. amended and restated its agreement with a large consumer financial services company (the "Bank") pursuant to which the Bank provides revolving credit directly to QVC's customers for the sole purpose of purchasing merchandise or services with a QVC branded credit card. The agreement provides more favorable economic terms for QVC and was effective August 1, 2014.

Depreciation and amortization consisted of the following:

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Affiliate agreements	$ 146	150	150
Customer relationships	170	173	172
Acquisition related amortization	316	323	322
Property and equipment	134	135	127
Software amortization	93	93	78
Channel placement amortization and related expenses	45	36	31
Total depreciation and amortization	$ 588	587	558

The increases in software amortization in 2015 and 2014 were primarily dueto solutions to enhance customer service and productivity.

zulily.

Liberty acquired zulily on October 1, 2015. Prior to the acquisition, zulily utilized a retail calendar, whereby each fiscal year ended on the Sunday closest to December 31. Upon acquisition by Liberty, zulily changed its year end to December 31 on a prospective basis, resulting in four additional days in the year ended December 31, 2015 as compared to the year ended December 28, 2014. Although zulily's results are only included in Liberty's results for the period October 1, 2015 through December 31, 2015, we believe a discussion of zulily's stand alone results, including certain one-time purchase accounting related adjustments detailed below, promotes a better understanding of the overall results of its business. zulily has reclassified certain costs between financial statement line items to conform with Liberty's reporting structure for ease of comparability for all reporting periods. zulily's operating results for the last three years were as follows:

	Years ended		
	December 31, 2015	December 28, 2014	December 29, 2013
	amounts in millions		
Net revenue	$ 1,361	1,201	696
Cost of sales	(978)	(894)	(512)
Gross profit	383	307	184
Operating expenses	(43)	(40)	(26)
SG&A expenses (excluding stock-based compensation and acquisition related expenses)	(269)	(223)	(131)
Adjusted OIBDA	71	44	27
Acquisition related expenses	(30)	—	—
Stock-based compensation	(19)	(15)	(8)
Depreciation and amortization	(83)	(13)	(6)
Deferred revenue adjustment	(17)	—	—
Operating income (loss)	$ (78)	16	13

Net revenue consists primarily of sales of women's, children's and men's apparel, children's merchandise and other product categories such as kitchen accessories and home décor. zulily recognizes product sales at the time all revenue recognition criteria has been met, which is generally at delivery. Net revenue represents the sales of these items plus shipping and handling charges to customers, net of estimated returns and promotional discounts. Net revenue is primarily driven by growth in zulily's active customers, the frequency with which customers purchase and average order value.

zulily's consolidated net revenue increased 13.3% and 72.6% for the years ended December 31, 2015 and December 28, 2014, respectively, as compared to the corresponding prior years. The increase in net revenue for the year ended December 31, 2015 was primarily attributed to an 11.6% increase in total orders placed. The increase in zulily's net revenue for the year ended December 28, 2014 compared to the year ended December 29, 2013 was primarily driven by a 67% increase in total orders placed.

zulily's gross profit percentage was 28.1%, 25.6% and 26.4% for the years ended December 31, 2015, December 28, 2014 and December 29, 2013, respectively. The increase in gross profit for the year ended December 31, 2015 was primarily attributed to improved operational performance driven by investments in transportation and fulfillment center automation. Gross profit percentage for the year ended December 28, 2014 was lower as compared to the year ended December 29, 2013 as a result of additional incremental labor in its fulfillment centers to support higher unit volumes and higher fulfillment costs as zulily began operating the new Nevada fulfillment center and automated its Ohio facility.

zulily's operating expenses are principally comprised of credit card processing fees and customer service expenses. Operating expenses increased $3 million, or 7.5%, and $14 million, or 53.8%, for the years ended December 31, 2015 and December 28, 2014, respectively. The increase in operating expenses was primarily attributed to an increase in credit card processing fees which are driven by higher sales volume.

zulily's SG&A expenses include personnel related costs for general corporate functions, marketing and advertising expenses, information technology, and the costs associated with the use by these functions of facilities and equipment, including rent. These expenses increased $46 million, and as a percentage of net revenue, increased from 18.6% to 19.8% for the year ended December 31, 2015. The increase in SG&A expenses as compared to the year ended December 28, 2014

was attributable to higher personnel related costs, increased rent and facilities expenses as a result of an increase in square footage occupied in order to support its business growth, and higher marketing-related expenses attributable to increased subscriber acquisition costs as zulily realigned its marketing strategy to focus on higher lifetime value customers.

zulily's SG&A expenses increased $92 million but declined as a percentage of net revenue from 18.8% to 18.6%, for the year ended December 28, 2014. The increase in SG&A expenses for the year ended December 28, 2014 compared to the year ended December 29, 2013 was primarily due to increased personnel related costs, higher rent and other facilities expenses, and increased marketing-related expenses as a result of increased spending on paid online marketing channels, including display advertising, keyword search campaigns, search engine optimization and social media.

zulily's stock-based compensation expense increased $4 million, or 26.7%, for the year ended December 31, 2015. The increase in stock-based compensation expense was the result of incremental increases in headcount during the year ended December 31, 2015 as compared to the year ended December 28, 2014. zulily's stock-based compensation expense increased $7 million, or 87.5%, for the year ended December 28, 2014. The increase in stock-based compensation expense for the year ended December 28, 2014 as compared to the year ended December 29, 2013 was primarily attributed to increases in headcount across functions to support business growth.

zulily's depreciation and amortization expense increased $70 million for the year ended December 31, 2015. The increase is primarily attributed to amortization of intangible assets as a result of purchase accounting. To a lesser extent, the increase in depreciation and amortization was related to additional automation equipment and leasehold improvements in its fulfillment centers. zulily's depreciation and amortization increased $7 million for the year ended December 28, 2014 as compared to the year ended December 29, 2013

zulily's results for the year ended December 31, 2015, including certain one-time purchase accounting related adjustments, were as follows (amounts in millions):

	Post-Acquisition:		Pre-Acquisition:	
	October 1, 2015 - December 31, 2015	Deferred Revenue Adjustment	December 29, 2014 - September 30, 2015	2015 Total
Net revenue	$ 426	17	918	1,361
Cost of sales	(318)	—	(660)	(978)
Gross profit	108	17	258	383
Operating expenses	(13)	—	(30)	(43)
SG&A expenses (excluding stock-based compensation and acquisition related expenses)	(74)	—	(195)	(269)
Adjusted OIBDA	21	17	33	71
Acquisition related expenses	—	—	(30)	(30)
Stock-based compensation	(5)	—	(14)	(19)
Depreciation and amortization	(69)	—	(14)	(83)
Deferred revenue adjustment	—	(17)	—	(17)
Operating income (loss)	$ (53)	—	(25)	(78)

The results of operations for the year ended December 31, 2015 include approximately $30 million in costs associated with the closing of the acquisition. The results of operations for the period October 1, 2015 through December 31, 2015 include approximately $63 million of depreciation and amortization as a result of purchase accounting related to new intangible assets and to a lesser extent stepped up valuation on assets existing prior to the date of the acquisition. Additionally, as a result of our application of purchase accounting, zulily's deferred revenue was adjusted to fair value, based on a broader market margin, instead of a company specific margin. This adjustment had the one-time impact of lowering revenue and Adjusted OIBDA in the post-acquisition period.

Item 7A. 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 December 31, 2015, our debt is comprised of the following amounts:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted avg interest rate	Principal amount	Weighted avg interest rate
	dollar amounts in millions			
QVC Group				
QVC	$ 1,815	1.70 %	$ 3,622	4.6 %
Corporate and other	$ —	NA	$ 1,137	6.1 %
Ventures Group				
Corporate and other	$ 32	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, when utilized, are recorded at fair value based on option pricing models.

At December 31, 2015, the fair value of our AFS equity securities was $1,287 million. Had the market price of such securities been 10% lower at December 31, 2015, the aggregate value of such securities would have been $129 million lower. Our stock in Expedia and other equity method affiliates which are publicly traded securities are not reflected at fair value in our balance sheets. These securities are also subject to market risk that is not directly reflected in our statements 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 price of the respective underlying security generally result in higher liabilities and unrealized losses in our statements 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 8. Financial Statements and Supplementary Data.

The consolidated financial statements of Liberty Interactive Corporation are filed under this Item, beginning on page II-31. The financial statement schedules required by Regulation S-X are filed under Item 15 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

In accordance with Exchange Act Rules 13a-15 and 15d-15, 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 December 31, 2015 because of the material weakness in our internal control over financial reporting that is described below in "Management's Report on Internal Control Over Financial Reporting."

However, giving full consideration to the material weakness, the Company's management has concluded that the consolidated financial statements included in this annual report present fairly, in all material respects, the Company's financial position, results of operations and cash flows for the periods disclosed in conformity with U.S. generally accepted accounting principles. KPMG LLP has issued its report dated February 26, 2016, which expressed an unqualified opinion on those consolidated financial statements.

Management's Report on Internal Control Over Financial Reporting

See page II-27 for Management's Report on Internal Control Over Financial Reporting.

See page II-28 for KPMG LLP's attestation report regarding the effectiveness of our internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

During the fourth quarter of 2015, the Company continued to review the design of QVC's controls, made adjustments and continued to alleviate the noted control deficiencies. Other than these items, there was no change in the Company's internal control over financial reporting that occurred during the Company's quarter ended December 31, 2015, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Remediation Plan for Material Weakness in Internal Control over Financial Reporting

See "Item 9A. Controls and Procedures – Management's Report on Internal Control Over Financial Reporting" and "Item 9A. Controls and Procedures – Remediation Plan for Material Weakness in Internal Control Over Financial Reporting" contained in the Company's report on Form 10-K for the fiscal year ended December 31, 2014 for disclosure of information about the material weakness that was reported as a result of the Company's annual assessment as of December 31, 2014 and remediation plans for that material weakness. The Company has been implementing and executing its previously disclosed remediation plans; however, based on the Company's evaluation as of December 31, 2015, a material weakness continues to exist at December 31, 2015.

In response to the material weakness identified in Management's Report on Internal Control Over Financial Reporting, as of December 31, 2015, the Company and QVC have implemented a plan with oversight from the Audit Committee of the Board of Directors to remediate the material weakness. The remediation efforts identified and implemented include the following:

- A monitoring control was established to identify inappropriate user access and incompatible or conflicting functions. The work of the identified individuals, with such duties, were then reviewed to determine whether they inappropriately utilized the incompatible or conflicting functions to perform any inappropriate activity.

- Monitoring controls over manual and post-close journal entries were enhanced to ensure thatthere is adequate oversight over such entries.

- Additionally, procedures were established to validate the completeness and accuracy of reports used in the financial reporting process to support control activities.

The Company and QVC believe the foregoing efforts effectively remediated the material weakness described in "Management's Report on Internal Control Over Financial Reporting" after the assessment date and prior to the filing of this Annual Report on Form 10-K. However, because the reliability of the internal control process requires repeatable execution, the successful on-going remediation of this material weakness will require on-going review and evidence of effectiveness.

Additionally, the Company and QVC intend to continue to monitor the incompatible or conflicting roles and related end user access to determine whether additional adjustments, to reduce or eliminate the occurrences of segregation of duties issues, should be made to such roles. This could further reduce the reliance on the monitoring controls identified.

Item 9B. Other Information .

None.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Liberty Interactive Corporation's (the "Company") management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting, as such term is defined in Rule 13a-15(f) of the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

The Company's management assessed the effectiveness of internal control over financial reporting as of December 31, 2015, using the criteria in Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that, as of December 31, 2015, our internal control over financial reporting is not effective due to the material weakness described below. The Company's assessment of internal control over financial reporting did not include the internal controls of zulily, llc, which the Company acquired in the fourth quarter of 2015. The amount of total assets and revenue of zulily, llc included in our consolidated financial statements as of and for the year ended December 31, 2015 was $2.7 billion and $426 million, respectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Based on its evaluation of internal control over financial reporting as described above, management concluded that it did not design and maintain effective internal controls with respect to information technology controls and the associated information produced by the Company's wholly-owned subsidiary, QVC, Inc. Specifically, the following items were not designed and operating effectively:

- Segregation of duties to ensure that incompatible functions did not overlap and that the activities of individuals with incompatible functions or who have access to certain critical transactions were appropriately monitored; and
- Controls over the review of manual and post-close journal entries and the completeness and accuracy of reports utilized in the financial reporting process to support control activities.

While the control deficiency identified did not result in any material misstatements a reasonable possibility exists that a material misstatement to the annual or interim consolidated financial statements and disclosures will not be prevented or detected on a timely basis.

The Company's independent registered public accounting firm who audited the consolidated financial statements included in the Annual Report on Form 10-K have issued an adverse report on the effectiveness of the Company's internal control over financial reporting. This attestation report appears on page II-28 of this Annual Report on Form 10-K.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Liberty Interactive Corporation:

We have audited Liberty Interactive Corporation's (the Company) internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting on page II-27. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to the design and operating effectiveness of information technology controls and the associated information produced by the Company's wholly-owned subsidiary, QVC, Inc. has been identified and included in management's assessment. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2015. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2015 consolidated financial statements, and this report does not affect our report dated February 26, 2016, which expressed an unqualified opinion on those consolidated financial statements.

In our opinion, because of the effect of the aforementioned material weakness on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Company acquired zulily, inc. ("zulily") during 2015, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2015, zulily's internal control

over financial reporting associated with total assets of $2.7 billion and total revenues of $426 million included in the consolidated financial statements of Liberty Interactive Corporation and subsidiaries as of and for the year ended December 31, 2015. Our audit of internal control over financial reporting of the Company also excluded an evaluation of internal control over financial reporting of zulily.

/s/ KPMG LLP

Denver, Colorado
February 26, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Liberty Interactive Corporation:

We have audited the accompanying consolidated balance sheets of Liberty Interactive Corporation and subsidiaries (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

As discussed in note 3 to the consolidated financial statements, in 2015 the Company adopted ASU 2015-17:*Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes.*

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 26, 2016 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Denver, Colorado
February 26, 2016

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheet s

December 31, 2015 and 2014

	2015	2014
Assets	amounts in millions	
Current assets:		
Cash and cash equivalents	$ 2,449	2,306
Trade and other receivables, net	1,443	1,232
Inventory, net	1,000	1,049
Short-term marketable securities	910	889
Other current assets	73	72
Total current assets	5,875	5,548
Investments in available-for-sale securities and other cost investments (note 8)	1,353	1,224
Investments in affiliates, accounted for using the equity method (note 9)	1,641	1,633
Property and equipment, at cost	2,124	2,030
Accumulated depreciation	(984)	(937)
	1,140	1,093
Intangible assets not subject to amortization (note 10):		
Goodwill	6,112	5,404
Trademarks	3,373	2,489
	9,485	7,893
Intangible assets subject to amortization, net (note 10)	1,647	1,185
Other assets, at cost, net of accumulated amortization	39	22
Total assets	$ 21,180	18,598

(continued)

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2015 and 2014

	2015	2014
	amounts in millions	
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 762	735
Accrued liabilities	784	743
Current portion of debt (note 11)	1,226	946
Other current liabilities	328	343
Total current liabilities	3,100	2,767
Long-term debt, including $2,480 million and $2,574 million measured at fair value (note 11)	7,481	7,062
Deferred income tax liabilities (note 12)	3,502	2,821
Other liabilities	222	168
Total liabilities	14,305	12,818
Equity		
Stockholders' equity (note 13):		
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 461,379,963 shares at December 31, 2015 and447,451,702 shares at December 31, 2014	5	5
Series B QVC Group common stock, $.01 par value. Authorized 150,000,000 shares; issued and outstanding 29,218,527 shares at December 31, 2015 and28,877,554 shares at December 31, 2014	—	—
Series A Liberty Ventures common stock, $.01 par value. Authorized 400,000,000 shares at December 31, 2015 and 200,000,000 shares at December 31, 2014; issued andoutstanding 134,961,466 shares at December 31, 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 December 31, 2015 and 7,500,000 shares at December 31, 2014; issued andoutstanding 7,092,111 shares at December 31, 2015 and 6,991,127 shares at December 31, 2014	—	—
Additional paid-in capital	370	4
Accumulated other comprehensive earnings (loss), net of taxes	(215)	(94)
Retained earnings	6,626	5,757
Total stockholders' equity	6,787	5,673
Noncontrolling interests in equity of subsidiaries	88	107
Total equity	6,875	5,780
Commitments and contingencies (note 18)		
Total liabilities and equity	$ 21,180	18,598

See accompanying notes to consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Operations

Years ended December 31, 2015, 2014 and 2013

	2015	2014	2013
	amounts in millions, except per share amounts		
Total revenue, net	$ 9,989	10,499	10,219
Operating costs and expenses:			
Cost of retail sales (exclusive of depreciation shown separately below)	6,393	6,684	6,533
Operating expense	699	756	732
Selling, general and administrative, including stock-based compensation (note 3)	1,078	1,202	1,159
Depreciation and amortization	703	662	629
Impairment of intangible assets	—	7	30
	8,873	9,311	9,083
Operating income	1,116	1,188	1,136
Other income (expense):			
Interest expense	(360)	(387)	(380)
Share of earnings (losses) of affiliates, net (note 9)	(60)	39	33
Realized and unrealized gains (losses) on financial instruments, net (note 7)	114	(57)	(22)
Gains (losses) on transactions, net	110	74	(1)
Gains (losses) on dilution of investments in affiliates (note 9)	314	(2)	1
Other, net	19	(19)	(30)
	137	(352)	(399)
Earnings (loss) from continuing operations before income taxes	1,253	836	737
Income tax (expense) benefit (note 12)	(342)	(258)	(183)
Earnings (loss) from continuing operations	911	578	554
Earnings (loss) from discontinued operations, net of taxes (note 6)	—	48	26
Net earnings (loss)	911	626	580
Less net earnings (loss) attributable to the noncontrolling interests	42	89	79
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 869	537	501
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders:			
QVC Group common stock	640	520	438
Liberty Ventures common stock	229	17	63
	$ 869	537	501
Basic net earnings (loss) from continuing operations attributable to Liberty Interactive Corporation shareholders per common share (note 3):			
Series A and Series B QVC Group common stock	$ 1.35	1.10	0.88
Series A and Series B Liberty Ventures common stock	$ 1.61	0.03	0.74
Diluted net earnings (loss) from continuing operations attributable to Liberty Interactive Corporation shareholders per common share (note 3):			
Series A and Series B QVC Group common stock	$ 1.33	1.09	0.86
Series A and Series B Liberty Ventures common stock	$ 1.60	0.03	0.73
Basic net earnings (loss) attributable to Liberty Interactive Corporation shareholders per common share (note 3):			
Series A and Series B QVC Group common stock	$ 1.35	1.07	0.85
Series A and Series B Liberty Ventures common stock	$ 1.61	0.19	0.86
Diluted net earnings (loss) attributable to Liberty Interactive Corporation shareholders per common share (note 3):			
Series A and Series B QVC Group common stock	$ 1.33	1.06	0.83
Series A and Series B Liberty Ventures common stock	$ 1.60	0.19	0.85

See accompanying notes to consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Comprehensive Earnings (Loss)

Years ended December 31, 2015, 2014 and 2013

	2015	2014	2013
	amounts in millions		
Net earnings (loss)	$ 911	626	580
Other comprehensive earnings (loss), net of taxes:			
Foreign currency translation adjustments	(101)	(192)	(73)
Share of other comprehensive earnings (loss) of equity affiliates	(21)	(18)	2
Other comprehensive earnings (loss) from discontinued operations	—	(1)	(3)
Other comprehensive earnings (loss)	(122)	(211)	(74)
Comprehensive earnings (loss)	789	415	506
Less comprehensive earnings (loss) attributable to the noncontrolling interests	41	77	54
Comprehensive earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 748	338	452
Comprehensive earnings (loss) attributable to Liberty Interactive Corporation shareholders:			
QVC Group common stock	$ 540	336	387
Liberty Ventures common stock	208	2	65
	$ 748	338	452

See accompanying notes to consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Cash Flows

Years ended December 31, 2015, 2014 and 2013

	2015	2014	2013
		amounts in millions (See note 4)	
Cash flows from operating activities:			
Net earnings (loss)	$ 911	626	580
Adjustments to reconcile net earnings to net cash provided by operating activities:			
(Earnings) loss from discontinued operations	—	(48)	(26)
Depreciation and amortization	703	662	629
Stock-based compensation	127	108	118
Cash payments for stock-based compensation	(16)	(15)	(8)
Excess tax benefit from stock-based compensation	(33)	(21)	(13)
Noncash interest expense	5	6	13
Share of (earnings) losses of affiliates, net	60	(39)	(33)
Cash receipts from returns on equity investments	52	45	35
Realized and unrealized (gains) losses on financial instruments, net	(114)	57	22
(Gains) losses on transactions, net	(110)	(74)	1
(Gains) losses on dilution of investments in affiliates	(314)	2	(1)
(Gains) losses on extinguishment of debt	21	48	57
Impairment of intangible assets	—	7	30
Deferred income tax expense (benefit)	51	(41)	(22)
Other noncash charges (credits), net	(16)	(4)	(2)
Changes in operating assets and liabilities			
Current and other assets	(237)	(84)	(84)
Payables and other liabilities	(44)	405	(269)
Net cash provided (used) by operating activities	1,046	1,640	1,027
Cash flows from investing activities:			
Cash (paid) for acquisitions, net of cash acquired	(844)	—	(24)
Cash proceeds from dispositions of investments	271	163	1,137
Investment in and loans to cost and equity investees	(143)	(91)	(384)
Cash receipts from returns of equity investments	250	—	—
Capital expended for property and equipment	(258)	(241)	(291)
Purchases of short term investments and other marketable securities	(1,370)	(864)	(959)
Sales of short term investments and other marketable securities	1,359	591	400
Other investing activities, net	(76)	(16)	(41)
Net cash provided (used) by investing activities	(811)	(458)	(162)
Cash flows from financing activities:			
Borrowings of debt	4,558	4,506	4,361
Repayments of debt	(3,811)	(3,749)	(5,415)
Repurchases of QVC Group common stock	(785)	(785)	(1,089)
Minimum withholding taxes on net share settlements of stock-based compensation	(30)	(26)	(21)
Excess tax benefit from stock-based compensation	33	21	13
Purchase of noncontrolling interest	(33)	—	—
Other financing activities, net	(21)	(33)	(57)
Net cash provided (used) by financing activities	(89)	(66)	(2,208)
Effect of foreign currency exchange rates on cash	(3)	(46)	(24)
Net cash provided (used) by discontinued operations:			
Cash provided (used) by operating activities	—	273	333
Cash provided (used) by investing activities	—	(194)	(198)
Cash provided (used) by financing activities	—	371	(172)
Change in available cash held by discontinued operations	—	(116)	15
Net cash provided (used) by discontinued operations	—	334	(22)
Net increase (decrease) in cash and cash equivalents	143	1,404	(1,389)
Cash and cash equivalents at beginning of period	2,306	902	2,291
Cash and cash equivalents at end of period	$ 2,449	2,306	902

See accompanying notes to consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Consolidated Statement Of Equity

Years ended December 31, 2015, 2014 and 2013

	Stockholders' Equity								Noncontrolling interest in equity of subsidiaries	Total equity
		QVC Group		Liberty Ventures						
	Preferred Stock	Series A	Series B	Series A	Series B	Additional paid-in capital	Accumulated other comprehensive earnings	Retained Earnings		
	amounts in millions									
Balance at January 1, 2013	$ —	5	—	1	—	2,224	148	5,184	4,489	12,051
Net earnings	—	—	—	—	—	—	—	501	79	580
Other comprehensive earnings (loss)	—	—	—	—	—	—	(49)	—	(25)	(74)
Stock-based compensation	—	—	—	—	—	93	—	—	49	142
Minimum withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	(38)	—	—	—	(38)
Excess tax benefits on stock-based compensation	—	—	—	—	—	23	—	—	—	23
Stock issued upon exercise of stock options	—	—	—	—	—	5	—	—	—	5
Series A QVC Group stock repurchases	—	—	—	—	—	(1,089)	—	—	—	(1,089)
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(45)	(45)
Shares repurchased by subsidiary	—	—	—	—	—	(63)	—	—	(82)	(145)
Shares issued by subsidiary	—	—	—	—	—	(7)	—	—	34	27
Other	—	—	—	—	—	(2)	—	—	—	(2)
Balance at December 31, 2013	$ —	5	—	1	—	1,146	99	5,685	4,499	11,435
Net earnings	—	—	—	—	—	—	—	537	89	626
Other comprehensive earnings (loss)	—	—	—	—	—	—	(199)	—	(12)	(211)
Stock-based compensation	—	—	—	—	—	103	—	—	39	142
Minimum withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	(58)	—	—	—	(58)
Excess tax benefits on stock-based compensation	—	—	—	—	—	35	—	—	—	35
Stock issued upon exercise of stock options	—	—	—	—	—	36	—	—	—	36
Series A QVC Group stock repurchases	—	—	—	—	—	(785)	—	—	—	(785)
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(42)	(42)
Shares issued by subsidiary	—	—	—	—	—	(8)	—	—	8	—
Distribution of Liberty TripAdvisor Holdings, Inc.	—	—	—	—	—	(465)	6	(465)	(4,474)	(5,398)
Balance at December 31, 2014	$ —	5	—	1	—	4	(94)	5,757	107	5,780
Net earnings	—	—	—	—	—	—	—	869	42	911
Other comprehensive earnings (loss)	—	—	—	—	—	—	(121)	—	(1)	(122)
Stock-based compensation	—	—	—	—	—	70	—	—	—	70
Minimum withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	(30)	—	—	—	(30)
Excess tax benefits on stock-based compensation	—	—	—	—	—	16	—	—	—	16
Stock issued upon exercise of stock options	—	—	—	—	—	40	—	—	—	40
Series A QVC Group stock repurchases	—	—	—	—	—	(785)	—	—	—	(785)
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(58)	(58)
Acquisition of zulily	—	—	—	—	—	1,087	—	—	—	1,087
Acquisition of noncontrolling interest	—	—	—	—	—	(31)	—	—	(2)	(33)
Other	—	—	—	—	—	(1)	—	—	—	(1)
Balance at December 31, 2015	$ —	5	—	1	—	370	(215)	6,626	88	6,875

See accompanying notes to consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2015, 2014 and 2013

(1) Basis of Presentatio n

The accompanying consolidated financial statements include the accounts of Liberty Interactive Corporation (formerly known as Liberty Media 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.

As further discussed in note 6, 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. (“TripAdvisor”) as well as BuySeasons, Inc. (“BuySeasons”), 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. Concurrently with the margin loans, Liberty and TripAdvisor Holdings entered into a promissory note whereby TripAdvisor Holdings may request, if the closing price per share of TripAdvisor common stock were to fall below certain minimum values, up to $200 million in funds from Liberty. The TripAdvisor Holdings Spin-Off 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 consolidated financial statements of Liberty have been prepared to reflect TripAdvisor Holdings as discontinued operations. Accordingly, the assets and liabilities, 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 consolidated balance sheets, statements of operations, comprehensive earnings (loss) and cash flows in such consolidated financial statements.

Additionally, on October 3, 2014, Liberty announced that its board of directors approved the change in attribution from the Interactive Group (which we refer to as the QVC Group) to the Ventures Group of its Digital Commerce companies (defined below) and cash. The reattributed Digital Commerce companies are comprised of Liberty’s subsidiaries Backcountry.com, Inc. (“Backcountry”), Bodybuilding.com, LLC (“Bodybuilding”), CommerceHub, Evite, Inc. (“Evite”), and Provide Commerce, Inc. (“Provide”) (collectively, the “Digital Commerce” companies). See note 2 for additional information on the reattribution.

On December 31, 2014, Liberty announced the closing of the acquisition by FTD Companies, Inc. ("FTD") of Provide (the “FTD Transaction”). Under the terms of the transaction, Liberty received approximately 10.2 million shares of FTD common stock representing approximately 35% of the combined company and approximately $145 million in cash. We recognized a gain of $75 million as a result of this transaction, which is included in the Gains (losses) on transactions, net line item in the consolidated statement of operations. Subsequent to completion of the transaction, Liberty accounts for FTD as an equity-method affiliate based on the ownership level and board representation. The FTD Transaction resulted in a non-cash investing addition of $355 million to the investments in affiliates, accounted for using the equity method line item within the consolidated balance sheets. Given our significant continuing involvement with FTD, Provide is not presented as a discontinued operation in the consolidated financial statements of Liberty.

On October 1, 2015, Liberty acquired all the outstanding shares of zulily, inc. (“zulily”) (now known as zulily, llc). zulily is an online retailer offering customers a fun and entertaining shopping experience with a fresh selection of new

product styles launched every day. Effective October 1, 2015, zulily is attributed to the QVC Group. See note 5 for additional information related to the acquisition.

On November 12, 2015, Liberty announced that its board of directors authorized management to pursue a plan to spin-off to holders of its Liberty Ventures common stock shares of newly formed companies to be called CommerceHub, Inc. and Liberty Expedia Holdings, Inc. ("Expedia Holdings"). CommerceHub, Inc. is expected to be comprised of the CommerceHub business. Expedia Holdings is expected to be comprised of, among other things, Liberty's entire interest in Expedia, Inc. as well as Bodybuilding. The applicable record dates, distribution dates and distribution ratios for the spin-offs will be announced at a later date. Each of the spin-offs is intended to be tax-free to stockholders of Liberty Ventures and will be subject to various conditions including the receipt of an opinion of tax counsel. Subject to the satisfaction of the applicable conditions, the completion of each of the spin-offs is expected to occur in the first half of 2016.

On September 23, 2011, Liberty completed the split-off of a wholly owned subsidiary, Liberty Media Corporation ("LMC") (formerly known as Liberty CapStarz, Inc. and prior thereto known as Liberty Splitco, Inc.) (the "LMC Split-Off"). Prior to the LMC Split-Off, Liberty's equity was structured into three separate tracking stocks, Liberty Interactive common stock, Liberty Starz common stock and Liberty Capital common stock, which were intended to track and reflect the economic performance of the separate businesses, assets and liabilities attributed to each group. These attributed businesses, assets and liabilities were not separate legal entities and therefore no group could own assets, issue securities or enter into legally binding agreements. Holders of the tracking stocks did not have direct claim to the group's stock or assets and were not represented by separate boards of directors. At the time of the LMC Split-Off, LMC owned all the assets, businesses and liabilities previously attributed to the Liberty Capital and Liberty Starz tracking stock groups. The LMC Split-Off was effected by means of a redemption of all of the Liberty Capital common stock and Liberty Starz common stock of Liberty in exchange for the common stock of LMC. This transaction was accounted for at historical cost due to the pro rata nature of the distribution.

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

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. Liberty is party to on-going discussions with the IRS under the Compliance Assurance Process audit program. The IRS may propose adjustments that relate to tax attributes allocated to and income allocable to LMC in the LMC Split-Off. Any potential outcome associated with any proposed adjustments would be covered by the Tax Sharing Agreement and are not expected to have any impact on Liberty's financial position. Pursuant to the Services Agreement, LMC will provide Liberty with general and administrative services including legal, tax, accounting, treasury and investor relations support. Liberty will reimburse 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, Liberty will share office space with LMC and related amenities at LMC's corporate headquarters. Under these various agreements approximately $13 million, $11 million and $15 million of these allocated expenses were reimbursed from Liberty to LMC for the years ended December 31, 2015, 2014 and 2013, respectively.

(2) Tracking Stocks

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

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.

As discussed in note 1, on October 3, 2014, Liberty announced that its board of directors approved the change in attribution from the QVC Group to the Ventures Group its Digital Commerce companies and cash, which was provided by QVC as a result of a draw-down of QVC's credit facility. The reattribution of the Digital Commerce companies is presented on a prospective basis from the date of the reattribution in Liberty's consolidated financial statements and attributed financial information, with October 1, 2014 used as a proxy for the date of the reattribution.

In exchange for the Digital Commerce companies and $970 million of cash (collectively, the "Reattributed Assets"), an inter-group interest in the Ventures Group was created in favor of the QVC Group. This inter-group interest was represented as a number of shares of Liberty Ventures common stock issuable to the QVC Group, which we refer to as the "Inter-Group Interest Shares" (as calculated below). Immediately following the reattribution on October 3, 2014, Liberty's board declared a dividend of the Inter-Group Interest Shares to the holders of Series A and Series B Liberty Interactive common stock in full elimination of the inter-group interest. In connection with the payment of the dividend, typical antidilution adjustments were made to outstanding options of Liberty Interactive common stock equity incentive awards, and the Liberty board has reattributed cash commensurate with the fair value of options assumed (outside of the Reattributed Assets) to the Ventures Group relating to its assumption of liabilities related to those awards.

In the dividend, the Inter-Group Interest Shares were allocated, pro-rata, to the outstanding shares of Series A and Series B Liberty Interactive common stock at 5:00 p.m., New York City time, on October 13, 2014, the record date for the dividend, such that 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 on October 20, 2014, and the Liberty Interactive common stock began trading ex-dividend on October 15, 2014. The distribution resulted in 67,671,232 shares of combined Series A and Series B Liberty Ventures common stock being issued. The Inter-Group Interest Shares were allocated such that the number of shares of Series A Liberty Ventures common stock and shares of Series B Liberty Ventures common stock issued in the dividend were in the same proportion as the shares of Series A Liberty Interactive common stock and Series B Liberty Interactive common stock outstanding on the record date, with each share of Series A Liberty Interactive common stock and each share of Series B Liberty Interactive common stock receiving the same fraction of a share of Series A or Series B Liberty Ventures common stock, as the case may be.

In connection with the reattribution, the Liberty Interactive tracking stock trading symbol "LINTA" was changed to "QVCA" and the "LINTB" trading symbol 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 has no consolidated impact on Liberty.

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 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.

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 comprised primarily of our interests in Expedia, Inc., Interval Leisure Group, Inc., LendingTree, our Digital Commerce companies, investments in Time Warner Inc. and Time Warner Cable Inc., as well as cash in the amount of approximately $2,023 million (at December 31, 2015), including subsidiary cash. The Ventures Group also has attributed to it certain liabilities related to our Exchangeable Debentures and certain deferred tax liabilities. The Ventures Group is primarily focused on the maximization of the value of these investments and investing in new business opportunities.

The term "QVC Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. The QVC Group is primarily comprised of our merchandise-focused televised-shopping programs, Internet and mobile application businesses. Following the reattribution, the QVC Group has attributed to it the remainder of our businesses and assets, including our wholly-owned subsidiaries QVC and zulily (as of October 1, 2015) and our 38% interest in HSN, Inc. as well as cash in the amount of approximately $426 million (at December 31, 2015), including subsidiary cash.

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 consolidated financial statements related to the respective agreements as of December 31, 2015.

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

(3) Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash equivalents consist of investments which are readily convertible into cash and have maturities of three months or less at the time of acquisition.

Receivables

Receivables are reflected net of an allowance for doubtful accounts and sales returns. A provision for bad debts is provided as a percentage of accounts receivable based on historical experience and included in selling, general and administrative expense. A provision for vendor receivables are determined based on an estimate of probable expected losses and included in cost of goods sold. A summary of activity in the allowance for doubtful accounts is as follows:

	Balance beginning of year	Additions		Deductions-write-offs	Balance end of year
		Charged to expense	Other		
	amounts in millions				
2015	$ 92	84	(1)	(88)	87
2014	$ 86	95	(2)	(87)	92
2013	$ 76	81	1	(72)	86

Inventory

Inventory, consisting primarily of products held for sale, is stated at the lower of cost or market. Cost is determined by the average cost method, which approximates the first-in, first-out method. Assessments about the realizability of inventory require the Company to make judgments based on currently available information about the likely method of disposition including sales to individual customers, returns to product vendors, liquidations and the estimated recoverable values of each disposition category. Inventory is stated net of inventory obsolescence reserves of $87 million and $86 million for the years ended December 31, 2015 and 2014, respectively.

In July 2015, the Financial Accounting Standards Board ("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.

Investments

All marketable equity and debt securities held by the Company are classified as available-for-sale ("AFS") and are carried at fair value generally based on quoted market prices. U.S. generally accepted accounting principles ("GAAP") permit 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 statements of operations (the "fair value option"). Liberty had previously 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 has elected the fair value option for those of its AFS securities which it considers 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 consolidated statements of operations. The total value of AFS securities for which the Company has elected the fair value option aggregated $1,294 million and $1,220 million as of December 31, 2015 and 2014, respectively.

Other investments in which the Company's ownership interest is less than 20%, unless the Company has the ability to exercise significant influence, and that are not considered marketable securities are carried at cost.

For those investments in affiliates in which the Company has the ability to exercise significant influence, the equity method of accounting is used. Under this method, the investment, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the affiliate as they occur rather than as dividends or other distributions are received. Losses are limited to the extent of the Company's investment in, advances to and commitments for the investee. In the event the Company is unable to obtain accurate financial information from an equity affiliate in a timely manner, the Company records its share of earnings or losses of such affiliate on a lag.

Changes in the Company's proportionate share of the underlying equity of an equity method investee, which result from the issuance of additional equity securities by such equity investee, are recognized in the statements of operations through the gains (losses) on dilution of investments in affiliates line item. To the extent there is a difference between our ownership percentage in the underlying equity of an equity method investee and our carrying value, such difference is accounted for as if the equity method investee were a consolidated subsidiary.

The Company continually reviews its equity investments and its AFS securities which are not Fair Value Option Securities to determine whether a decline in fair value below the carrying value is other than temporary. The primary factors the Company considers in its determination are the length of time that the fair value of the investment is below the Company's carrying value; the severity of the decline; and the financial condition, operating performance and near term prospects of the investee. In addition, the Company considers the reason for the decline in fair value, be it general market conditions, industry specific or investee specific; analysts' ratings and estimates of 12 month share price targets for the investee; changes in stock price or valuation subsequent to the balance sheet date; and the Company's intent and ability to hold the investment for a period of time sufficient to allow for a recovery in fair value. If the decline in fair value is deemed to be other than temporary, the carrying value of the security is written down to fair value. In situations where the fair value of an investment is not evident due to a lack of a public market price or other factors, the Company uses its best estimates and assumptions to arrive at the estimated fair value of such investment. The Company's assessment of the foregoing factors involves considerable management judgment and accordingly, actual results may differ materially from the Company's estimates and judgments. Writedowns for AFS securities which are not Fair Value Option Securities would be included in the consolidated statements of operations as other than temporary declines in fair values of investments. Writedowns for equity method investments would be included in share of earnings (losses) of affiliates.

Derivative Instruments and Hedging Activities

All of the Company's derivatives, whether designated in hedging relationships or not, are recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in other comprehensive earnings and are recognized in the statements of operations when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings. If the derivative is not designated as a hedge, changes in the fair value of the derivative are recognized in earnings.

The Company generally enters into derivative contracts that it intends to designate as a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). For all hedging relationships, the Company formally documents the hedging relationship and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and

a description of the method of measuring ineffectiveness. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded in accumulated other comprehensive income to the extent that the derivative is effective as a hedge, until earnings are affected by the variability in cash flows of the designated hedged item. The ineffective portion of the change in fair value of a derivative instrument that qualifies as a cash flow hedge is reported in earnings.

During the year ended December 31, 2015,QVC entered into a hedge of a net investment in a foreign subsidiary. The purpose of the investment is to protect QVC's investment in the foreign subsidiary against the variability of the U.S. dollar and Euro exchange rate.

Property and Equipment

Property and equipment consisted of the following:

	December 31, 2015	December 31, 2014
	amounts in millions	
Land	$ 197	205
Buildings and improvements	947	935
Support equipment	909	847
Projects in progress	71	43
Total property and equipment	$ 2,124	2,030

Property and equipment, including significant improvements, is stated at cost. Depreciation is computed using the straight-line method using estimated useful lives of 2 to 15 years for support equipment and 8 to 20 years for buildings and improvements. Depreciation expense for the years ended December 31, 2015, 2014 and 2013 was $153 million, $158 million and $147 million, respectively.

Intangible Assets

Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment upon certain triggering events. Goodwill and other intangible assets with indefinite useful lives (collectively, "indefinite lived intangible assets") are not amortized, but instead are tested for impairment at least annually. Our annual impairment assessment of our indefinite-lived intangible assets is performed during the fourth quarter of each year.

The Company utilizes a qualitative assessment for determining whether step one of the goodwill impairment analysis is necessary. The accounting guidance permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. In evaluating goodwill on a qualitative basis the Company reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it was more likely than not that an indicated impairment exists for any of our reporting units. The Company considers whether there are any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, the legal environments and how these factors might impact company specific performance in future periods. As part of the analysis the Company also considers fair value determinations for certain reporting units that have been made at various points throughout the current year and prior year for other purposes.

If a step one test is considered necessary based on the qualitative factors, the Company compares the estimated fair value of a reporting unit to its carrying value. Developing estimates of fair value requires significant judgments, including making assumptions about appropriate discount rates, perpetual growth rates, relevant comparable market multiples, public trading prices and the amount and timing of expected future cash flows. The cash flows employed in Liberty's valuation analyses are based on management's best estimates considering current marketplace factors and risks as well as assumptions of growth rates in future years. There is no assurance that actual results in the future will approximate these forecasts. For those reporting units whose carrying value exceeds the fair value, a second test is required to measure the impairment loss (the "Step 2 Test"). In the Step 2 Test, the fair value (Level 3) of the reporting unit is allocated to all of the identifiable assets and liabilities of the reporting unit with any residual value being allocated to goodwill. Any excess of the carrying value of the goodwill over this allocated amount is recorded as an impairment charge.

The accounting guidance also permits entities to first perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If the qualitative assessment supports that it is more likely than not that the carrying value of the Company’s indefinite-lived intangible assets, other than goodwill, exceeds its fair value, then a quantitative assessment is performed. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Impairment of Long-lived Assets

The Company periodically reviews the carrying amounts of its property and equipment and its intangible assets (other than goodwill and indefinite-lived intangibles) to determine whether current events or circumstances indicate that such carrying amounts may not be recoverable. If the carrying amount of the asset group is greater than the expected undiscounted cash flows to be generated by such asset group, including its ultimate disposition, an impairment adjustment is to be recognized. Such adjustment is measured by the amount that the carrying value of such asset groups exceeds their fair value. The Company generally measures fair value by considering sale prices for similar asset groups or by discounting estimated future cash flows using an appropriate discount rate. Considerable management judgment is necessary to estimate the fair value of asset groups. Accordingly, actual results could vary significantly from such estimates. Asset groups to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

Noncontrolling Interests

The Company reports noncontrolling interests of subsidiaries within equity in the balance sheet and the amount of consolidated net income attributable to the parent and to the noncontrolling interest is presented in the statements of operations. Also, changes in ownership interests in subsidiaries in which the Company maintains a controlling interest are recorded in equity.

Foreign Currency Translation

The functional currency of the Company is the United States ("U.S.") dollar. The functional currency of the Company's foreign operations generally is the applicable local currency for each foreign subsidiary. Assets and liabilities of foreign subsidiaries are translated at the spot rate in effect at the applicable reporting date, and the consolidated statements of operations are translated at the average exchange rates in effect during the applicable period. The resulting unrealized cumulative translation adjustment, net of applicable income taxes, is recorded as a component of accumulated other comprehensive earnings in 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 the accompanying consolidated statements of operations and comprehensive earnings (loss) as unrealized (based on the applicable period-end exchange rate) or realized upon settlement of the transactions.

Revenue Recognition

Retail revenue is recognized at the time of delivery to customers. The revenue for shipments in-transit is recorded as deferred revenue and included in other current liabilities. Additionally, service revenue, which is less than one percent of

overall revenue, is recognized when the applicable criteria are met: persuasive evidence of an arrangement exists, services have been rendered, the price is fixed and determinable and collectability is reasonably assured.

An allowance for returned merchandise is provided as a percentage of sales based on historical experience. The total reduction in sales due to returns for the years ended December 31, 2015, 2014 and 2013 aggregated $2,037 million, $2,123 million and $2,134 million, respectively. Sales tax collected from customers on retail sales is recorded on a net basis and is not included in revenue.

In May 2014, the 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 nor has it determined the effect of the standard on its ongoing financial reporting.

Cost of Sales

Cost of sales primarily includes actual product cost, provision for obsolete inventory, buying allowances received from suppliers, shipping and handling costs and warehouse costs.

Advertising Costs

Advertising costs generally are expensed as incurred. Advertising expense aggregated $154 million, $271 million and $258 million for the years ended December 31, 2015, 2014 and 2013, respectively. Advertising costs are reflected in the selling, general and administrative expense line item in our consolidated statements of operations.

Stock-Based Compensation

As more fully described in note 15, the Company has granted to its directors, employees and employees of its subsidiaries options, restricted stock and stock appreciation rights ("SARs") to purchase shares of Liberty Interactive and/or Liberty Ventures common stock ("Liberty common stock") (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an Award of equity instruments (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 an Award of liability instruments (such as stock appreciation rights that will be settled in cash) based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date.

Stock compensation expense was $127 million, $108 million and $118 million for the years ended December 31, 2015, 2014 and 2013, respectively, included in selling, general and administrative expense in the accompanying consolidated statements of operations.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value amounts and income tax bases of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards. The deferred tax assets and liabilities are calculated using enacted tax rates in effect for each taxing jurisdiction in which the Company operates for the year in which those temporary differences are expected to be recovered or settled. Net deferred tax assets are then reduced by a valuation allowance if the Company believes it more likely than not such net deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of an enacted change in tax rates is recognized in income in the period that includes the enactment date.

When the tax law requires interest to be paid on an underpayment of income taxes, the Company recognizes interest expense from the first period the interest would begin accruing according to the relevant tax law. Such interest expense is included in interest expense in the accompanying consolidated statements of operations. Any accrual of penalties related to underpayment of income taxes on uncertain tax positions is included in other income (expense) in the accompanying consolidated statements of operations.

In November 2015, the FASB issued new accounting guidance to simplify the presentation of deferred income taxes. The new guidance requires that deferred tax liabilities and assets be classified as noncurrent in a classified balance sheet and permits the use of either a retrospective or prospective transition method. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015, with early application permitted. The Company has early adopted this guidance. The retrospective application of this guidance decreased current “Deferred income tax liabilities” and increased noncurrent “Deferred income tax liabilities” by $972 million on the consolidated balance sheet as of December 31, 2014.

Earnings (Loss) Attributable to Liberty Interactive Corporation Stockholders and Earnings (Loss) Per Common Share

Net earnings (loss) attributable to Liberty stockholders is comprised of the following (amounts in millions):

	Years ended December 31,		
	2015	2014	2013
QVC Group			
Net earnings (loss) from continuing operations	$ 640	535	455
Net earnings (loss) from discontinued operations	$ NA	(15)	(17)
Liberty Ventures			
Net earnings (loss) from continuing operations	$ 229	3	54
Net earnings (loss) from discontinued operations	$ NA	14	9

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) attributable to such common stock 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

EPS for all periods through December 31, 2015, is based on the following weighted average shares outstanding. Excluded from diluted EPS for the years ended December 31, 2015, 2014 and 2013 are approximately 6 million, 1 million and less than one million potential common shares, respectively, because their inclusion would be antidilutive.

	Years ended December 31,		
	2015	2014	2013
	number of shares in millions		
Basic WASO	475	484	519
Potentially dilutive shares	6	8	8
Diluted WASO	481	492	527

Series A and Series B Liberty Ventures Common Stock

As discussed in note 2, Liberty completed atwo for one stock split on April 11, 2014 on its Series A and Series B Liberty Ventures common stock. Therefore, all prior period outstanding share amounts have been retroactively adjusted for comparability.

Additionally, as discussed in note 2, on October 3, 2014, Liberty attributed from the QVC Group to the Ventures Group its Digital Commerce companies. In exchange for the Reattributed Assets, Inter-Group Interest Shares in the Ventures Group were created in favor of the QVC Group. Immediately following the reattribution on October 3, 2014, Liberty's board declared a dividend of the Inter-Group Interest Shares to the holders of Series A and Series B Liberty Interactive common stock in full elimination of the inter-group interest. The Inter-Group Interest Shares were allocated, pro-rata, to the outstanding shares of Series A and Series B Liberty Interactive common stock at 5:00 p.m., New York City time, on October 13, 2014, the record date for the dividend, such that 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 on October 20, 2014, and the Liberty Interactive common stock began trading ex-dividend on October 15, 2014. The reattribution of the Digital Commerce companies is presented on a prospective basis from the date of the reattribution in Liberty's consolidated financial statements, with October 1, 2014 used as a proxy for the date of the reattribution.

EPS for all periods through December 31, 2015, is based on the following weighted average shares outstanding. Excluded from diluted EPS for the year ended December 31, 2015 are less than a million potential common shares because their inclusion would be antidilutive.

	Years ended December 31,		
	2015	2014	2013
	number of shares in millions		
Basic WASO	142	87	73
Potentially dilutive shares	1	1	1
Diluted WASO	143	88	74

Reclasses and adjustments

Certain prior period amounts have been reclassified for comparability with the current year presentation.Such reclassifications include $135 million and $130 million reclassifications from operating expense to selling, general and administrative, including stock based compensation on the consolidated statements of operations for the years ended December 31, 2014 and 2013, respectively, related to a change in classification of certain broadcasting expenses at QVC.

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. Liberty early adopted this guidance in the fourth quarter of 2015. The retrospective application of this guidance decreased “Other assets” and “Long-term debt” by $43 million in the accompanying consolidated balance sheet as of December 31, 2014. Refer to “Note 11 – Debt” below for the current year presentation.

Estimates

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) recurring and non-recurring fair value measurements, (ii) accounting for income taxes, (iii) assessments of other-than-temporary declines in fair value of its investments and (iv) estimates of retail-related adjustments and allowances to be its most significant estimates.

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

(4) Supplemental Disclosures to Consolidated Statements of Cash Flows

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Cash paid for acquisitions:			
Fair value of assets acquired	$ 154	—	7
Intangibles not subject to amortization	1,791	—	12
Intangibles subject to amortization	837	—	2
Net liabilities assumed	(214)	—	(7)
Deferred tax assets (liabilities)	(637)	—	10
Fair value of equity consideration	(1,087)	—	—
Cash paid for acquisitions, net of cash acquired	$ 844	—	24
Cash paid for interest	$ 374	362	362
Cash paid for income taxes	$ 318	44	410

(5) **Acquisitions**

On October 1, 2015, Liberty acquired zulily for consideration of approximately $2.3 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. The fair value of the issued shares was determined based on the trading price of QVCA shares on the last trading day prior to the acquisition. 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 11). zulily is attributed to the QVC Group and we believe that its business is complementary to QVC's.

The initial purchase price allocation for zulily is as follows (amounts in millions):

Cash and cash equivalents	$	341
Property and equipment		105
Other assets		46
Goodwill		860
Trademarks		920
Intangible assets subject to amortization		830
Accounts payable & Accrued liabilities		(145)
Other liabilities assumed		(65)
Deferred tax liabilities		(640)
	$	2,252

Intangible assets acquired during 2015 were comprised of customer relationships of $515 million with a weighted average life of approximately 4 years, email lists of $265 million with a weighted average life of approximately 2 years, and capitalized software of $50 million with a weighted average life of approximately 3 years. None of the acquired goodwill is expected to be deductible for tax purposes. As of December 31, 2015, the valuation related to the purchase is not final and the purchase price allocation is preliminary and subject to revision. The primary areas of the purchase price allocation that are not yet finalized are related to certain intangible assets, liabilities and tax balances.

Included in net earnings (loss) from continuing operations for the year ended December 31, 2015 is $4 million related to zulily's operations since the date of acquisition.

The Pro Forma revenue and net earnings from continuing operations of Liberty, prepared utilizing the historical financial statements of zulily, giving effect to purchase accounting related adjustments made at the time of acquisition, as if the transaction discussed above occurred on January 1, 2014, are as follows:

	Years Ended December 31,	
	2015	2014
	amounts in millions (unaudited)	
Revenue	$ 10,907	11,700
Net earnings (loss) from continuing operations	750	419

The Pro Forma information is not representative of Liberty's future financial position, future results of operations or future cash flows nor does it reflect what Liberty's financial position, results of operations or cash flows would have been as if the transaction had happened previously and Liberty controlled zulily during the periods presented.

(6) Disposals

On August 27, 2014, Liberty completed the TripAdvisor Holdings Spin-Off to holders of its Liberty Ventures common stock shares of its former wholly-owned subsidiary, TripAdvisor Holdings. TripAdvisor Holdings is comprised of Liberty's former 22% economic and 57% voting interest in TripAdvisor, as well as BuySeasons, 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. Concurrently with the margin loans, Liberty and TripAdvisor Holdings entered into a promissory note

whereby TripAdvisor Holdings may request, if the closing price per share of TripAdvisor common stock were to fall below certain minimum values, up to $200 million in funds from Liberty. The TripAdvisor Holdings Spin-Off 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 consolidated financial statements of Liberty have been prepared to reflect TripAdvisor Holdings as discontinued operations. Accordingly, the assets and liabilities, 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 consolidated balance sheets, statements of operations, comprehensive earnings and cash flows in such consolidated financial statements.

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 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):

	Years ended December 31,	
	2014	2013
Revenue	$ 883	1,033
Earnings (loss) before income taxes	$ 68	(27)
Income tax (expense) benefit	$ (20)	53
Earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ (1)	(8)

Earnings per share impact of discontinued operations

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

	Years ended December 31,	
	2014	2013
Basic earnings (loss) from discontinued operations attributable to Liberty shareholders per common share (note 3):		
Series A and Series B QVC Group common stock	$ (0.03)	(0.03)
Series A and Series B Liberty Ventures common stock	$ 0.16	0.12
Diluted earnings (loss) from discontinued operations attributable to Liberty shareholders per common share (note 3):		
Series A and Series B QVC Group common stock	$ (0.03)	(0.03)
Series A and Series B Liberty Ventures common stock	$ 0.16	0.12

The assets and liabilities included in the TripAdvisor Holdings Spin-Off, and their resulting impacts on the attributed consolidated 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 Corporate and other segment 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 9 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 Corporate and other. Given Liberty's significant continuing involvement with FTD, Provide is not presented as a discontinued operation in the Company's 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 transactions, net" in the accompanying consolidated statements of operations. 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. Included in revenue in the accompanying consolidated statements of operations is $227 million, $471 million and $433 million for the years ended December 31, 2015, 2014 and 2013, respectively, related to Backcountry. Included in net earnings (loss) in the accompanying consolidated statements of operations are losses of $3 million, earnings of $1 million and losses of $3 million for the years ended December 31, 2015, 2014 and 2013, respectively, related to Backcountry. Included in total assets in the accompanying consolidated balance sheets as of December 31, 2014 is $323 million related to Backcountry.

(7) 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, other than quoted market prices included within Level 1, are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The Company does not have any recurring assets or liabilities measured at fair value that would be considered Level 3.

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

	December 31, 2015			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	$ 2,225	2,225	—	2,147	2,147	—
Short term marketable securities	$ 910	331	579	889	277	612
Available-for-sale securities	$ 1,294	1,287	7	1,220	1,203	17
Debt	$ 2,480	—	2,480	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. Accordingly, the debt instruments are reported in the foregoing table as Level 2 fair value.

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:

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Fair Value Option Securities	$ 84	173	514
Exchangeable senior debentures	30	(230)	(553)
Other financial instruments	—	—	17
	$ 114	(57)	(22)

(8) 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 generally 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 statements of operations (the "fair value option"). Liberty has elected the fair value option for those of its AFS securities which it considers 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 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:

	December 31, 2015	December 31, 2014
	amounts in millions	
QVC Group		
Other cost investments	$ 4	4
Total attributed QVC Group	$ 4	4
Ventures Group		
Time Warner Inc.	$ 284	375
Time Warner Cable Inc.	994	815
Other AFS investments	71	30
Total attributed Ventures Group	1,349	1,220
Consolidated Liberty	$ 1,353	1,224

(9) 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 and percentage ownership of the more significant investments in affiliates at December 31, 2015 and the carrying amount at December 31, 2014:

	December 31, 2015			December 31, 2014
	Percentage ownership	Market value	Carrying amount	Carrying amount
			dollars in millions	
QVC Group				
HSN, Inc. (2)	38 %	$ 1,014	$ 165	328
Other	various	N/A	43	47
Total QVC Group			208	375
Ventures Group				
Expedia (1)(2)	16 %	$ 2,934	927	514
FTD (3)	37 %	$ 267	267	355
Other (4)	various	N/A	239	389
Total Ventures Group			1,433	1,258
Consolidated Liberty			$ 1,641	1,633

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

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
QVC Group			
HSN, Inc.	$ 64	60	61
Other	(9)	(9)	(13)
Total QVC Group	55	51	48
Ventures Group			
Expedia, Inc. (1)	118	58	31
FTD, Inc.	(83)	—	—
Other (4)	(150)	(70)	(46)
Total Ventures Group	(115)	(12)	(15)
Consolidated Liberty	$ (60)	39	33

(1) Liberty owns an approximate 16% equity interest and 52% voting interest in Expedia. Liberty has entered into governance arrangements pursuant to which Mr. Barry Diller, Chairman of the Board and Senior Executive Officer of Expedia, may vote its interests of Expedia, subject to certain limitations. Additionally, through our governance arrangements with Mr. Diller, we have the right to appoint and have appointed 20% of the members of Expedia's board of directors, which is currently comprised of 13 members. Therefore, we determined based on these arrangements that we have significant influence and have accounted for the investment as an equity method affiliate. The increase in our share of Expedia's earnings during the year ended December 31, 2015 is primarily due to our share of a significant gain recognized by Expedia related to the sale of one of its subsidiaries.

(2) During the years ended December 31, 2015, 2014 and 2013, Expedia, Inc. paid dividends aggregating $20 million, $15 million and $13 million, respectively, and HSN, Inc. ("HSNi") paid dividends of $228 million, $22 million, and $16 million during the years ended December 31, 2015, 2014 and 2013, respectively, which were recorded as reductions to the investment balances. Dividends from HSNi during the year ended December 31, 2015 included a special dividend of $10 per share from which Liberty received approximately $200 million in cash.

(3) FTD acquired Liberty's formerly wholly-owned subsidiary, Provide, on December 31, 2014. In exchange for Provide, 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. The carrying value of Liberty's investment in FTD was impaired to the fair value (based on the closing price (level 1)) as of December 31, 2015.

(4) The Other category for the Ventures Group is comprised of investments in LendingTree, Interval Leisure Group, alternative energy investments and other investments. The alternative energy investments generally operate at a loss but provide favorable tax attributes recorded through the income tax (expense) benefit line item in the consolidated statements of operations. During the year ended December 31, 2015, Liberty recorded an impairment of approximately $98 million, based on a discounted cash flow valuation (level 3), related to one of its alternative energy investments which has underperformed operationally.

Liberty recognized gains on dilution of investments in affiliates of$314 million during the year ended December 31, 2015, losses of$2 million during the year ended December 31, 2014 and gains of $1 million during the year ended December 31, 2013. The significant dilution gain in 2015 is due to an acquisition by Expedia that was executed through the issuance of stock. This diluted Liberty's ownership percentage at a price greater than our cost basis.

Expedia, Inc.

Summarized unaudited financial information for Expedia, Inc. is as follows:

Expedia, Inc. Consolidated Balance Sheets

	December 31, 2015	December 31, 2014
	amounts in millions	
Current assets	$ 2,979	2,924
Property and equipment, net	1,064	553
Goodwill	7,993	3,956
Intangible assets	2,794	1,290
Other assets	674	298
Total assets	$ 15,504	9,021
Current liabilities	$ 5,926	4,187
Deferred income taxes	474	453
Long-term debt	3,201	1,747
Other liabilities	973	740
Equity	4,930	1,894
Total liabilities and equity	$ 15,504	9,021

Expedia, Inc. Consolidated Statements of Operations

	Years Ending December 31,		
	2015	2014	2013
	amounts in millions		
Revenue	$ 6,672	5,763	4,771
Cost of revenue	(1,309)	(1,179)	(1,038)
Gross profit	5,363	4,584	3,733
Selling, general and administrative expenses	(4,785)	(3,986)	(3,295)
Amortization	(164)	(80)	(72)
Operating income	414	518	366
Interest expense	(126)	(98)	(87)
Gain on sale of business	509	—	—
Other income (expense), net	129	45	21
Income tax (expense) benefit	(203)	(92)	(84)
Income (loss) from continuing operations	723	373	216
Net loss attributable to noncontrolling interests	41	25	17
Net earnings (loss) attributable to Expedia shareholders	$ 764	398	233

(10) Goodwill and Other Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

	QVC	zulily	Corporate and Other	Total
	amounts in millions			
Balance at January 1, 2014	$ 5,312	—	560	5,872
Impairments	—	—	(7)	(7)
Sale of subsidiary	—	—	(352)	(352)
Foreign currency translation adjustments	(106)	—	—	(106)
Other	—	—	(3)	(3)
Balance at December 31, 2014	$ 5,206	—	198	5,404
Acquisitions	—	860	10	870
Sale of subsidiary	—	—	(105)	(105)
Foreign currency translation adjustments	(57)	—	—	(57)
Balance at December 31, 2015	$ 5,149	860	103	6,112

Goodwill recognized from acquisitions primarily relates to assembled workforces, website community and other intangible assets that do not qualify for separate recognition.

As presented in the accompanying consolidated balance sheets, trademarks is the other significant indefinite lived intangible asset.

Intangible Assets Subject to Amortization

Intangible assets subject to amortization are comprised of the following:

	December 31, 2015			December 31, 2014		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	amounts in millions					
Television distribution rights	$ 2,259	(1,920)	339	2,308	(1,847)	461
Customer relationships	2,950	(2,141)	809	2,488	(2,015)	473
Other	1,077	(578)	499	735	(484)	251
Total	$ 6,286	(4,639)	1,647	5,531	(4,346)	1,185

The weighted average life of these amortizable intangible assets was approximately9 years, at the time of acquisition. However, amortization is expected to match the usage of the related asset and will be on an accelerated basis as demonstrated in table below.

Amortization expense for intangible assets with finite useful lives was$550 million, $504 million and $482 million for the years ended December 31, 2015, 2014 and 2013, respectively. Based on its amortizable intangible assets as of December 31, 2015, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

2016	$ 709
2017	$ 506
2018	$ 228
2019	$ 97
2020	$ 69

Impairments

During the years ended December 31, 2014 and 2013, declining operating results as compared to budgeted results and certain trends related to certain e-commerce companies required a Step 2 impairment test and a determination of fair value for those subsidiaries. Fair value for those subsidiaries, including the related intangibles and goodwill, were determined using the respective companies' projections of future operating performance and applying a combination of market multiples (market approach) and discounted cash flow (income approach) calculations (Level 3). As of December 31, 2015 accumulated goodwill impairment losses for certain e-commerce companies was $87 million.

(11) Debt

Debt is summarized as follows:

	Outstanding principal December 31, 2015	Carrying value December 31, 2015	Carrying value December 31, 2014
	amounts in millions		
QVC Group			
Corporate level notes and debentures			
8.5% Senior Debentures due 2029	$ 287	285	285
8.25% Senior Debentures due 2030	504	501	501
1% Exchangeable Senior Debentures due 2043	346	349	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 4.85% 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	1,815	1,815	508
Other subsidiary debt	72	72	75
Deferred loan costs		(34)	(43)
Total QVC Group	$ 6,574	6,535	5,817
Ventures Group			
Corporate level debentures			
4% Exchangeable Senior Debentures due 2029	$ 437	257	294
3.75% Exchangeable Senior Debentures due 2030	437	275	291
3.5% Exchangeable Senior Debentures due 2031	346	312	325
0.75% Exchangeable Senior Debentures due 2043	850	1,287	1,220
Subsidiary level notes and facilities			
Other subsidiary debt	41	41	61
Total Ventures Group	$ 2,111	2,172	2,191
Total consolidated Liberty debt	$ 8,685	8,707	8,008
Less debt classified as current		(1,226)	(946)
Total long-term debt		7,481	7,062

Exchangeable Senior Debentures

Each $1,000 original principal amount of the 0.75% Exchangeable Senior Debentures is exchangeable for a basket of 6.3040 shares of common stock of Time Warner Cable Inc., 5.1635 shares of common stock of Time Warner Inc. and 0.6454 shares of Time, Inc., which may change over time to include other publicly traded common equity securities that may be distributed on or in respect of those shares of Time Warner Cable Inc. and Time Warner Inc. (or into which any of those securities may be converted or exchanged). This basket of shares for which each Debenture in the original principal amount of $1,000 may be exchanged is referred to as the Reference Shares attributable to such Debenture, and to each issuer of Reference Shares as a Reference Company. Each Debenture is exchangeable at the option of the holder at any time, upon which they will be entitled to receive the Reference Shares attributable to such Debenture or, at the election of Liberty Interactive LLC ("Liberty LLC"), cash or a combination of Reference Shares and cash having a value equal to

such Reference Shares. Upon exchange, holders will not be entitled to any cash payment representing accrued interest or outstanding additional distributions.

Each $1,000 debenture of Liberty LLC's 4% Exchangeable Senior Debentures is exchangeable at the holder's option for the value of 3.2265 shares of Sprint common stock and 0.7860 shares of CenturyLink, Inc. ("CenturyLink") common stock. Liberty LLC may, at its election, pay the exchange value in cash, Sprint and CenturyLink common stock or a combination thereof. Liberty LLC, at its option, may redeem the debentures, in whole or in part, for cash generally equal to the face amount of the debentures plus accrued interest.

Each $1,000 debenture of Liberty LLC's 3.75% Exchangeable Senior Debentures is exchangeable at the holder's option for the value of 2.3578 shares of Sprint common stock and 0.5746 shares of CenturyLink common stock. Liberty LLC may, at its election, pay the exchange value in cash, Sprint and CenturyLink common stock or a combination thereof. Liberty, at its option, may redeem the debentures, in whole or in part, for cash equal to the face amount of the debentures plus accrued interest.

Each $1,000 debenture of Liberty LLC's 3.5% Exchangeable Senior Debentures (the "Motorola Exchangeables") was exchangeable at the holder's option for the value of 5.2598 shares of Motorola Solutions, Inc. and 4.6024 shares of Motorola Mobility Holdings, Inc., as a result of Motorola Inc.'s separation of Motorola Mobility Holdings, Inc. ("MMI") in a 1 for 8 stock distribution, and the subsequent 1 for 7 reverse stock split of Motorola, Inc. (which has been renamed Motorola Solutions, Inc. ("MSI")), effective January 4, 2011. MMI was acquired on May 22, 2012 for $40 per share in cash. Pursuant to the indenture, the cash paid to shareholders in the MMI acquisition was to be paid to the holders of the Motorola Exchangeables as an extraordinary distribution. Liberty LLC made a cash payment of $184.096 per debenture in the second quarter of 2012 for a total payment of $111 million. The remaining exchange value is payable, at Liberty's option, in cash or MSI stock or a combination thereof. Liberty LLC, at its option, may redeem the debentures, in whole or in part, for cash generally equal to the adjusted principal amount of the debentures plus accrued interest. As a result of a cash distribution made by Liberty LLC in 2007, the cash disbursement discussed above and various principal payments made to holders of the Motorola Exchangeables, the adjusted principal amount of each $1,000 debenture is $577 as of December 31, 2015.

Each $1,000 original principal amount of the 1% Exchangeable Senior Debentures due 2043 (the "HSNi Exchangeables") is initially exchangeable for 13.4580 shares of common stock of HSNi (the "HSNi Reference Shares"). Each of the HSNi Exchangeables is exchangeable at the option of the holder, for certain triggering events (primarily the increase in an average trading period at the end of the quarter for HSNi reference shares above 130% or below 98% of the adjusted principal amount at the end of a quarter) after the calendar quarter ended March 31, 2014, upon achieving certain trading prices of the underlying HSNi Reference Shares. Upon exchange, holders of HSNi Exchangeables will be entitled to receive the HSNi Reference Shares attributable to such HSNi Exchangeables or, at the election of Liberty LLC, cash or a combination of HSNi Reference Shares and cash having a value equal to such HSNi Reference Shares. For purposes of the HSNi Exchangeables, Liberty LLC is treated as an affiliate of HSNi under the Securities Act. Therefore, for as long as Liberty LLC is treated as an affiliate of HSNi for purposes of the HSNi Exchangeables, any reference shares consisting of HSNi common stock (or common stock of any other reference company of which Liberty LLC is treated as an affiliate for purposes of the HSNi Exchangeables) delivered by Liberty LLC upon exchange or purchase of a HSNi Exchangeables will be "restricted securities" under the Securities Act and subject to restrictions on transfer. Liberty LLC may deliver HSNi Reference Shares upon exchange or purchase of the HSNi Exchangeables only if (1) permitted under certain contractual arrangements between the Company and HSNi and (2) such Reference Shares would be freely transferable by the holders of the HSNi Reference Shares (other than by affiliates of HSNi) under the Securities Act, or if not freely transferable, there is at that time an effective registration statement under a registration rights agreement that Liberty LLC has with HSNi (or such other Reference Company) pursuant to which the recipients of such HSNi Reference Shares may sell those shares in a registered transaction under the Securities Act.

Liberty LLC will make an additional distribution on the HSNi Exchangeables if HSNi makes a distribution of cash (an "Excess Regular Cash Dividend") in excess of $0.18, currently paid by the HSNi securities (other than publicly traded common equity securities) or other property with respect to the HSNi Reference Shares. The principal amount of the HSNi Exchangeables will not be reduced by any amount we pay that corresponds to any Excess Regular Cash Dividends on the HSNi Reference Shares. In January 2015, HSNi declared a special dividend of $10 per share from which Liberty received approximately $200 million in cash in February 2015. Pursuant to the terms of the debentures, a portion of the special dividend ($54 million) was passed through to the holders of the notes and the outstanding principal balance was reduced in March 2015. Additionally, HSNi declared cash dividends of $0.35 per share on March 9, 2015, June 1, 2015, August 31, 2015 and November 30, 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 2015.

On October 5, 2016, Liberty LLC may, at its option, redeem the HSNi Exchangeables, in whole or in part, in each case at a redemption price, in cash, equal to the adjusted principal amount of the HSNi Exchangeables plus accrued and unpaid interest to the date of redemption plus any final period distribution. Additionally, as of such date, holders may tender HSNi Exchangeables for purchase by Liberty LLC, at a purchase price equal to the adjusted principal amount plus accrued and unpaid interest to the purchase date plus any final period distribution. Liberty LLC may pay the purchase price, at its election, in cash or through delivery of HSNi Reference Shares (subject to the restrictions discussed previously) having a value equal to the purchase price or a combination of HSNi Reference Shares and cash. If Liberty LLC makes a partial redemption, HSNi Exchangeables in an aggregate original principal amount of at least $100 million must remain outstanding. The HSNi Exchangeables are included in "current portion of debt" on the consolidated balance sheet as of December 31, 2015.

Liberty has elected to account for all of its Exchangeables 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. Liberty will review the triggering events on a quarterly basis to determine whether a triggering event has occurred to require current classification of certain Exchangeables, see additional discussion below.

Liberty has sold, split-off or otherwise disposed of all of its shares of Motorola, Sprint and CenturyLink common stock which underlie the respective Exchangeable Senior Debentures. Because such exchangeable debentures are exchangeable at the option of the holder at any time and Liberty can no longer use owned shares to redeem the debentures, Liberty has classified for financial reporting purposes the portion of the debentures that could be redeemed for cash as a current liability. Such amount aggregated $844 million at December 31, 2015. Although such amount has been classified as a current liability for financial reporting purposes, the Company believes the probability that the holders of such instruments will exchange a significant principal amount of the debentures prior to maturity is remote.

Interest on the Company's exchangeable debentures is payable semi-annually based on the date of issuance. At maturity, all of the Company's exchangeable debentures are payable in cash.

Senior Debentures

Interest on the Senior Debentures is payable semi-annually based on the date of issuance.

The Senior Debentures are stated net of an aggregate unamortized discount of $5 million at December 31, 2015 and 2014. Such discount is being amortized to interest expense in the accompanying consolidated statements of operations.

QVC Senior Secured Notes

On March 18, 2014, QVC issued $400 million principal amount of 3.125% Senior Secured Notes due 2019 at an issue price of 99.828% and $600 million principal amount of 4.85% Senior Secured Notes due 2024 at an issue price of 99.927% (collectively, the "March Notes"). The March Notes are secured by the capital stock of QVC and certain of QVC's

subsidiaries and have equal priority to QVC's senior secured credit facility. The net proceeds from the March Notes offerings were used to repay indebtedness under QVC's senior secured credit facility and for working capital and other general corporate purposes.

On August 21, 2014, QVC issued $600 million principal amount of 4.45% Senior Secured Notes due 2025 at an issue price of 99.860% and $400 million principal amount 5.45% Senior Secured Notes due 2034 at an issue price of 99.784% (collectively, the "August Notes"). The August Notes are secured by the capital stock of QVC and certain of QVC's subsidiaries and have equal priority to QVC's senior secured credit facility. The net proceeds from the August Notes offerings were used for the redemption of QVC's 7.5% Senior Secured Notes due 2019 (the "Redemption") on September 9, 2014 and for working capital and other general corporate purposes.

As a result of the Redemption, QVC incurred an extinguishment loss of $48 million for the year ended December 31, 2014. As a result of refinancing transactions in the prior year, QVC recorded extinguishment losses of $57 million for the year ended December 31, 2013. Losses on early extinguishment of debt are recorded in other, net in the Company's consolidated statements of operations.

During prior years, QVC issued $500 million principal amount of 7.375% Senior Secured Notes due 2020 at par, $1,000 million principal amount of QVC 7.50% Senior Secured Notes due 2019 at an issue price of 98.278% of par, $500 million principal amount of 5.125% Senior Secured Notes due 2022 at par, $750 million principal amount of 4.375% Senior Secured Notes due 2023 at par and $300 million principal amount of 5.95% Senior Secured Notes due 2043 at par.

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 consolidated statement of operations for the year ended December 31, 2015.

QVC was in compliance with all of its debt covenants related to its outstanding senior notes at December 31, 2015.

QVC Bank Credit Facilities

On March 9, 2015, QVC amended and restated its senior secured credit facility (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 loans may be accelerated following certain customary events of default. 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 senior secured credit facility is secured by the capital stock of QVC. QVC had $434.8 million available under the terms of the senior secured credit facility at December 31, 2015. The interest rate on the senior secured credit facility was 1.9% at December 31, 2015.

The Second Amended and Restated Credit Agreement contains certain affirmative and negative covenants, including certain restrictions on the Company 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 the Company's consolidated leverage ratio, which is defined in QVC's senior secured credit facility as the ratio of consolidated total debt to consolidated Adjusted OIBDA for the most recent four fiscal quarter period. The Company defines Adjusted OIBDA as revenue less cost of goods sold, operating expenses, and selling, general and administrative expenses (excluding stock-based compensation). QVC was in compliance with all debt covenants related to the bank Credit Facility at December 31, 2015.

QVC Interest Rate Swap Arrangements

In prior years QVC entered into forward interest rate swap arrangements with an aggregate notional amount of $3.1 billion. Such arrangements matured in March 2013 and no further interest swap arrangements were entered into. These swap arrangements did not qualify as cash flow hedges under GAAP. Accordingly, changes in the fair value of the swaps were reflected in realized and unrealized gains or losses on financial instruments in the accompanying consolidated statements of operations.

Other Subsidiary Debt

Other subsidiary debt at December 31, 2015 is comprised of capitalized satellite transponder lease obligations and bank debt of certain subsidiaries.

Five Year Maturities

The annual principal maturities of Liberty's debt, based on stated maturity dates, for each of the next five years is as follows (amounts in millions):

2016	$ 390
2017	$ 27
2018	$ 29
2019	$ 428
2020	$ 1,837

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. The fair value, based on quoted prices of instruments but not considered to be active markets (Level 2), of Liberty's publicly traded debt securities that are not reported at fair value in the accompanying consolidated balance sheets is as follows (amounts in millions):

	December 31,	
	2015	2014
Senior debentures	$ 809	882
QVC senior secured notes	$ 3,374	4,118

Due to the variable rate nature, Liberty believes that the carrying amount of its subsidiary debt not discussed above approximated fair value at December 31, 2015.

(12) Income Taxes

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Current:			
Federal	$ (191)	(157)	(97)
State and local	(26)	(32)	(26)
Foreign	(74)	(110)	(82)
	$ (291)	(299)	(205)
Deferred:			
Federal	$ (67)	59	(19)
State and local	8	(23)	47
Foreign	8	5	(6)
	(51)	41	22
Income tax benefit (expense)	$ (342)	(258)	(183)

The following table presents a summary of our domestic and foreign earnings from continuing operations before income taxes:

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Domestic	$ 1,111	676	575
Foreign	142	160	162
Total	$ 1,253	836	737

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 35% as a result of the following:

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Computed expected tax benefit (expense)	$ (439)	(293)	(258)
State and local income taxes, net of federal income taxes	(24)	(7)	(15)
Foreign taxes, net of foreign tax credits	(4)	(2)	(7)
Sale of consolidated subsidiary	—	14	—
Impairment of intangible assets not deductible for tax purposes	—	(3)	(2)
Dividends received deductions	56	10	9
Alternative energy tax credits	61	58	54
Change in valuation allowance affecting tax expense	6	(2)	(27)
Impact of change in state rate on deferred taxes	(7)	(28)	66
Other, net	9	(5)	(3)
Income tax benefit (expense)	$ (342)	(258)	(183)

Income tax expense was lower than the U.S. statutory tax rate of 35% in 2015 due to the receipt of taxable dividends that are subject to a dividends received deduction. During 2014 and 2013, Liberty changed its estimate of the effective state tax rate used to measure its net deferred tax liabilities, based on expected changes to the Company's state apportionment factors. The change in 2014 was caused by the sale of a consolidated subsidiary (Provide) on December 31, 2014. The change in state apportionment factors during 2013 also changed the potential utilization of the Company's state net operating loss carryforwards, which resulted in a valuation allowance being recorded for certain state net operating loss carryforwards that may expire unused. In both years, the rate change required an adjustment to the recognized deferred taxes at the corporate level. During 2015, 2014 and 2013, Liberty offset federal tax liabilities with tax credits derived from its alternative energy investments.

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are presented below:

	December 31,	
	2015	2014
	amounts in millions	
Deferred tax assets:		
Net operating and capital loss carryforwards	$ 99	90
Foreign tax credit carryforwards	72	88
Accrued stock compensation	83	41
Other accrued liabilities	165	181
Other future deductible amounts	163	96
Deferred tax assets	582	496
Valuation allowance	(48)	(54)
Net deferred tax assets	534	442
Deferred tax liabilities:		
Investments	883	703
Intangible assets	1,788	1,284
Discount on exchangeable debentures	1,148	1,009
Deferred gain on debt retirements	193	257
Other	24	10
Deferred tax liabilities	4,036	3,263
Net deferred tax liabilities	$ 3,502	2,821

The Company's valuation allowance decreased $6 million in 2015. The entire change in valuation allowance affected tax expense.

At December 31, 2015, Liberty had net operating losses (on a tax effected basis) and foreign tax credit carryforwards for income tax purposes aggregating approximately $99 million and $72 million, respectively, which will begin to expire in 2020 and beyond if not utilized to reduce domestic, state or foreign income tax liabilities in future periods. These net operating losses and foreign tax credit carryforwards are expected to be utilized prior to expiration, except for $48 million of net operating losses which based on current projections of domestic, state and foreign income may expire unused.

A reconciliation of unrecognized tax benefits is as follows:

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Balance at beginning of year	$ 136	124	122
Additions based on tax positions related to the current year	14	16	19
Additions for tax positions of prior years	—	20	1
Reductions for tax positions of prior years	(12)	(3)	(3)
Lapse of statute and settlements	(34)	(21)	(15)
Balance at end of year	$ 104	136	124

As of December 31, 2015, 2014 and 2013 the Company had recorded tax reserves of$104 million, $136 million and $124 million, respectively, related to unrecognized tax benefits for uncertain tax positions. If such tax benefits were to be recognized for financial statement purposes, $47 million, $68 million and $84 million for the years ended December 31, 2015, 2014 and 2013, respectively, would be reflected in the Company's tax expense and affect its effective tax rate. Liberty's estimate of its unrecognized tax benefits related to uncertain tax positions requires a high degree of judgment. The Company has tax positions for which the amount of related unrecognized tax benefits could change during 2016. The amount of unrecognized tax benefits related to these issues could change as a result of potential settlements, lapsing of statute of limitations and revisions of estimates. It is reasonably possible that the amount of the Company's gross unrecognized tax benefits may increase within the next twelve months by up to $5 million.

As of December 31, 2015, the Company's tax years prior to 2012 are closed for federal income tax purposes, and the IRS has completed its examination of the Company's 2012 and 2013 tax year. The Company's tax loss carryforwards from its 2011 through 2014 tax years are still subject to adjustment. The Company's 2014 and 2015 tax years are being examined currently as part of the IRS's Compliance Assurance Process ("CAP") program. Various states are currently examining the Company's prior years state income tax returns. QVC is currently under audit in the U.K., Germany and Italy. The Company received an assessment related to an examination in Germany. The Company believes that any amounts ultimately paid in connection with that assessment will be creditable against its U.S. federal income tax liability.

As of December 31, 2015, the Company had recorded $17 million of accrued interest and penalties related to uncertain tax positions.

(13) Stockholders' Equity

Preferred Stock

Liberty's preferred stock is issuable, from time to time, with such designations, preferences and relative participating, optional or other rights, qualifications, limitations or restrictions thereof, as shall be stated and expressed in a resolution or resolutions providing for the issue of such preferred stock adopted by Liberty's Board of Directors. As of December 31, 2015, no shares of preferred stock were issued.

Common Stock

Series A QVC Group and Liberty Ventures common stock has one vote per share, and Series B QVC Group and Liberty Ventures common stock has ten votes per share. Each share of the Series B common stock is exchangeable at the option of the holder for one share of Series A common stock of the same group. The Series A and Series B common stock participate on an equal basis with respect to dividends and distributions.

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 December 31, 2015, Liberty reserved for issuance upon exercise of outstanding stock options approximately 31.5 million shares of Series A QVC Group common stock and approximately 0.8 million shares of Series B QVC Group common stock. As of December 31, 2015, Liberty reserved for issuance upon exercise of outstanding stock options approximately 3.7 million shares of Series A Liberty Ventures common stock and approximately 1.5 million shares of Series B Liberty Ventures common stock.

In addition to the Series A and Series B QVC Group and Ventures common stock there are 4 billion and 400 million shares of Series C QVC Group and Ventures common stock authorized for issuance, respectively. As of December 31, 2015, no shares of any Series C QVC Group and Ventures common stock were issued or outstanding.

As discussed in note 2, on February 27, 2014, Liberty's board approved a two for one stock split of Series A and Series B Liberty Ventures common stock, to be 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 to holders of Series A and Series B Liberty Ventures common stock of one share of Series A or Series B Liberty Ventures common stock for 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 Liberty Interactive common shares received 0.14217 shares of Liberty Ventures common shares for each share of Liberty Interactive common shares held, as of the record date. The shares issued and subsequently distributed to Liberty Interactive 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 5, Liberty issued 38.5 million shares of Series A QVC Group Common Stock.

Purchases of Common Stock

During the year ended December 31, 2013 the Company repurchased 46,305,637 shares of Series A QVC Group common stock for aggregate cash consideration of $1,089 million.

During the year ended December 31, 2014 the Company repurchased 27,356,993 shares of Series A QVC Group common stock for aggregate cash consideration of $785 million.

During the year ended December 31, 2015 the Company repurchased 28,134,498 shares of Series A QVC Group common stock for aggregate cash consideration of $785 million.

All of the foregoing shares were repurchased pursuant to a previously announced share repurchase program and have been retired and returned to the status of authorized and available for issuance.

(14) Transactions with Officers and Directors

Chief Executive Officer Compensation Arrangement

In December 2014, the Compensation Committee (the "Committee") of Liberty approved a compensation arrangement, including term options discussed in note 15, for its President and Chief Executive Officer (the "CEO"). The arrangement provides for a five year employment term beginning January 1, 2015 and ending December 31, 2019, with an annual base salary of $960,750, increasing annually by 5% of the prior year's base salary, and an annual target cash bonus equal to 250% of the applicable year's annual base salary. The arrangement also provides that, in the event the CEO is terminated for "cause," he will be entitled only to his accrued base salary and any amounts due under applicable law and he will forfeit all rights to his unvested term options. If, however, the CEO is terminated by Liberty without cause or if he terminates his employment for "good reason," the arrangement provides for him to receive his accrued base salary, his accrued but unpaid bonus and any amounts due under applicable law, a severance payment of 1.5 times his base salary during the year of his termination, a payment equal to $11,750,000 pro rated based upon the elapsed number of days in the calendar year of termination, a payment equal to $17.5 million, and for his unvested term options to generally vest pro rata based on the portion of the term elapsed through the termination date plus 18 months and for all vested and accelerated options to remain exercisable until their respective expiration dates. If the CEO terminates his employment without "good reason," he will be entitled to his accrued base salary, his accrued but unpaid bonus and any amounts due under applicable law and a payment of the $11,750,000 and for his unvested term options to generally vest pro rata based on the portion of the term elapsed through the termination date and all vested and accelerated options to remain exercisable until their respective expiration dates. Lastly, in the case of the CEO's death or his disability, the arrangement provides that he will be entitled only to his accrued base salary and any amounts due under applicable law, a payment of 1.5 times his base salary during that year, a payment equal to $11,750,000 pro rated based upon the elapsed number of days in the calendar year of termination, a payment equal to $17.5 million and for his unvested term options to fully vest and for his vested and accelerated term options to remain exercisable until their respective expiration dates.

In addition, beginning in 2015, the CEO will receive annual performance-based options to purchase shares of QVCB and LVNTB with a term of 7 years (the "Performance Options") and performance-based restricted stock units with respect to QVCB and LVNTB (the "Performance RSUs" and together with the Performance Options, the "Performance Awards") during the employment term. Grants of Performance Awards will be allocated between Liberty and Liberty Media Corporation. The aggregate target amount to be allocated between Liberty and Liberty Media was $16 million with respect to calendar year 2015, and will be $17 million with respect to calendar year 2016, $18 million with respect to calendar year 2017, $19 million with respect to calendar year 2018 and $20 million with respect to calendar year 2019. Vesting of the Performance Awards will be determined based on satisfaction of performance metrics that will be set by Liberty and Liberty Media's respective compensation committees in the first quarter of each applicable year, except that the CEO will forfeit his unvested Performance Awards if his employment is terminated for any reason before the end of the applicable year. In addition, Liberty and Liberty Media's compensation committees may grant additional Performance Awards, with a value of up to 50% of the target amount allocated to Liberty for the relevant year (the "Above Target Awards"), and the compensation committees may determine to establish additional performance metrics with respect to such Above Target Awards.

(15) Stock-Based Compensation

Liberty - Incentive Plans

Pursuant to the Liberty Interactive Corporation 2012 Incentive Plan, as amended (the "2012 Plan"), the Company may grant stock options ("Awards") to purchase shares of Series A and Series B QVC Group common stock and Liberty Ventures common stock. The 2012 Plan provides for Awards to be made in respect of a maximum of 47 million shares of Liberty common stock. Awards generally vest over 4-5 years and have a term of 7-10 years. Liberty issues new shares upon exercise of equity awards. The Company measures the cost of employee services received in exchange for an Award of equity instruments (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).

Pursuant to the Liberty Interactive Corporation 2011 Nonemployee Director Incentive Plan, as amended (the "2011 NDIP"), the Liberty Board of Directors has the full power and authority to grant eligible nonemployee directors stock options, SARs, stock options with tandem SARs, and restricted stock.

In connection with the zulily acquisition in October 2015 (see note 5), outstanding awards to purchase shares of zulily Class A and Class B common stock (a "zulily Award") were exchanged for awards to purchase shares of Series A QVC Group common stock (a "QVCA Award"). The exercise prices and number of shares subject to the QVCA Award were determined based on 1) the exercise prices and number of shares subject to the zulily Award and 2) a conversion ratio which was calculated using the acquisition exchange ratio, acquisition cash consideration, and pre-distribution trading price of the Series A QVC Group common stock, such that all of the pre-distribution intrinsic value of the zulily Award was allocated to the QVCA Award. The exchange of such awards was considered a modification under ASC 805 – *Business Combinations.* A portion of the fair value of the replacement QVCA Awards was attributed to the consideration paid in the acquisition. The remaining portion of the fair value will be recognized in the consolidated financial statements over the remaining vesting period of each individual award.

In connection with the TripAdvisor Holdings Spin-Off during 2014, the holder of an outstanding Award to purchase shares of Liberty Ventures Series A and Series B common stock on the record date (a "Liberty Ventures Award") received an Award to purchase shares of the corresponding series of TripAdvisor Holdings common stock and an adjustment to the exercise price and number of shares subject to the original Liberty Ventures Award (as so adjusted, an "adjusted Liberty Ventures Award"). Following the TripAdvisor Holdings Spin-Off, employees of Liberty hold Awards in both Liberty Ventures common stock and TripAdvisor Holdings common stock. The compensation expense relating to employees of Liberty is recorded at Liberty.

Additionally, outstanding stock options, relating to QVC Group common stock, were adjusted, using a similar methodology as described above, in connection with the stock dividend related to the reattribution of the Digital Commerce businesses from the QVC Group to the Ventures Group during October 2014.

Liberty – Grants

During the year ended December 31, 2015, Liberty granted:

- 2.2 million options, primarily to QVC employees, to purchase shares of Series A QVC Group common stock which had a weighted average grant-date fair value of $11.63 per share and vest semi-annually over four years.
- 1.7 million options to QVC's CEO in connection with a new compensation arrangement, to purchase shares of Series A QVC Group common stock which had a weighted average grant-date fair value of $10.40 per share and vest 50% on each of December 31, 2019 and 2020.
- 2.5 million options, to Liberty employees, to purchase shares of Series A QVC Group common stock which had a weighted average grant-date fair value of $11.63 per share. 652 thousand of the options vest annually over 3 years and 1.7 million of the options vest 50% on each of December 31, 2019 and 2020.
- 683 thousand options to purchase shares of Series A Liberty Ventures common stock which had a weighted average grant-date fair value of $18.10 per share. Such options primarily vest 50% on each of December 31, 2019 and 2020.
- 132 thousand performance-based options of Series B QVC Group common stock and 135 thousand performance-based options of Series B Liberty Ventures common stock to the CEO of Liberty in connection with our CEO's employment agreement. Such options had a fair value of $10.10 per share and $16.94 per share, respectively, at the time they were granted. Liberty also granted 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. 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 performance-based options and restricted stock units cliff vest in one year, subject to satisfaction of certain performance objectives.

During the year ended December 31, 2014, Liberty granted:

- 1.9 million options, primarily to QVC employees, to purchase shares of Series A QVC Group common stock which had a weighted average grant-date fair value of $12.04 per share and vest semi-annually over four years.
- 20 thousand options to purchase shares of Series A Liberty Ventures common stock which had a weighted average grant-date fair value of $16.55 per share and vest quarterly over four years.
- 646 thousand options of Series B QVC Group common stock and 1.4 million options of Series B Liberty Ventures common stock to the CEO of Liberty in connection with a new employment agreement (see note 14). Such options had a weighted average grant-date fair value of $10.50 per share and $15.52 per share, respectively, and vest 50% on each of December 24, 2018 and 2019.

During the year ended December 31, 2013, Liberty granted, primarily to QVC employees, 4.3 million options to purchase shares of Series A QVC Group common stock. Such options had a weighted average grant-date fair value of $8.26 per share.

The Company has calculated the grant-date fair value for all of its equity classified awards using the Black-Scholes-Merton Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. For grants made in 2015, 2014 and 2013, the range of expected terms was 5.8 to 7.9 years. The volatility used in the calculation for Awards is based on the historical volatility of Liberty's stocks 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.

The following table presents the range of volatilities used by Liberty in the Black-Scholes-Merton Model for the 2015, 2014, and 2013 QVC Group and Liberty Ventures grants.

	Volatility
2015 grants	
QVC Group options	27.4 % - 39.7 %
Liberty Ventures options	30.6 % - 42.4 %
2014 grants	
QVC Group options	33.6 % - 39.7 %
Liberty Ventures options	41.1 % - 43.7 %
2013 grants	
QVC Group options	38.3 % - 38.7 %
Liberty Ventures options	43.7 % - 49.9 %

Liberty - Outstanding Awards

The following table presents 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, as well as the weighted average remaining life and aggregate intrinsic value of the Awards.

	QVC Group							
	Series A				Series B			
	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (in millions)	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2015	24,900	$ 17.49			1,044	$ 24.78		
zulily acquisition	7,612	$ 16.04			—	$ —		
Granted	6,406	$ 28.06			132	$ 29.41		
Exercised	(6,419)	$ 14.83			(398)	$ 16.51		
Forfeited/Cancelled	(1,017)	$ 25.50			—	$ —		
Outstanding at December 31, 2015	31,482	$ 19.57	5.0 years	$ 261	778	$ 29.79	6.0 years	$ —
Exercisable at December 31, 2015	19,018	$ 16.75	3.9 years	$ 207	—	$ —	— years	$ —

	Liberty Ventures							
	Series A				Series B			
	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (in millions)	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2015	3,997	$ 19.10			1,507	$ 36.24		
Granted	683	$ 41.50			135	$ 42.33		
Exercised	(993)	$ 18.94			(100)	$ 16.82		
Forfeited/Cancelled	(3)	$ 26.62			—	$ —		
Outstanding at December 31, 2015	3,684	$ 23.29	4.2 years	$ 80	1,542	$ 38.04	6.0 years	$ 11
Exercisable at December 31, 2015	2,876	$ 18.97	3.3 years	$ 75	—	$ —	— years	$ —

As of December 31, 2015, the total unrecognized compensation cost related to unvested Liberty Awards was approximately$113 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 2.4 years.

Liberty - Exercises

The aggregate intrinsic value of all options exercised during the years ended December 31, 2015, 2014 and 2013 was $115 million, $91 million and $76 million, respectively.

Liberty - Restricted Stock

The Company had approximately 3 million and 149 thousand unvested restricted shares of QVC Group and Liberty Ventures common stock, respectively, held by certain directors, officers and employees of the Company as of December 31, 2015. These Series A and Series B unvested restricted shares of QVC Group and Liberty Ventures had a weighted average grant date fair value of $24.93 and $9.08 per share, respectively.

The aggregate fair value of all restricted shares of Liberty common stock that vested during the years ended December 31, 2015, 2014 and 2013 was $16 million, $19 million and $16 million, respectively.

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 and are typically cash settled and recorded as liability awards. Stock-based compensation expense related to CommerceHub more than doubled to $51 million during the year ended December 31, 2015. The increase was primarily related to an increase in the fair value of CommerceHub (determined by a valuation based on discounted cash flows and market comparables (level 3)) and the continued vesting of outstanding awards. The awards and compensation recorded, if any, under the plans at the other subsidiaries are not significant to Liberty.

(16) Employee Benefit Plans

Subsidiaries of Liberty sponsor 401(k) plans, which provide their employees an opportunity to make contributions to a trust for investment in Liberty common stock, as well as other mutual funds. The Company's subsidiaries make matching contributions to their plans based on a percentage of the amount contributed by employees. Employer cash contributions to all plans aggregated $27 million, $27 million and $24 million, respectively, for the years ended December 31, 2015, 2014 and 2013, respectively.

(17) Other Comprehensive Earnings (Loss)

Accumulated other comprehensive earnings (loss) included in Liberty's consolidated balance sheets and consolidated statements of equity reflect the aggregate of foreign currency translation adjustments, unrealized holding gains and losses on AFS securities and Liberty's share of accumulated other comprehensive earnings of affiliates.

The change in the components of accumulated other comprehensive earnings (loss), net of taxes ("AOCI"), is summarized as follows:

	Foreign currency translation adjustments	Share of AOCI of equity affiliates	AOCI of discontinued operations	AOCI
	amounts in millions			
Balance at January 1, 2013	$ 151	(3)	—	148
Other comprehensive earnings (loss) attributable to Liberty Interactive Corporation stockholders	(48)	2	(3)	(49)
Balance at December 31, 2013	103	(1)	(3)	99
Other comprehensive earnings (loss) attributable to Liberty Interactive Corporation stockholders	(178)	(18)	(3)	(199)
Distribution to stockholders for TripAdvisor Holdings Spin-Off	—	—	6	6
Balance at December 31, 2014	$ (75)	(19)	—	(94)
Other comprehensive earnings (loss) attributable to Liberty Interactive Corporation stockholders	(100)	(21)	—	(121)
Balance at December 31, 2015	$ (175)	(40)	—	(215)

The components of other comprehensive earnings (loss) are reflected in Liberty's consolidated statements of comprehensive earnings (loss) net of taxes. The following table summarizes the tax effects related to each component of other comprehensive earnings (loss).

	Before-tax amount	Tax (expense) benefit	Net-of-tax amount
	amounts in millions		
Year ended December 31, 2015:			
Foreign currency translation adjustments	$ (118)	17	(101)
Share of other comprehensive earnings (loss) of equity affiliates	(33)	12	(21)
Other comprehensive earnings (loss)	$ (151)	29	(122)
Year ended December 31, 2014:			
Foreign currency translation adjustments	$ (241)	49	(192)
Share of other comprehensive earnings (loss) of equity affiliates	(29)	11	(18)
Other comprehensive earnings (loss) from discontinued operations	(2)	1	(1)
Other comprehensive earnings (loss)	$ (272)	61	(211)
Year ended December 31, 2013:			
Foreign currency translation adjustments	$ (65)	(8)	(73)
Share of other comprehensive earnings (loss) of equity affiliates	3	(1)	2
Other comprehensive earnings (loss) from discontinued operations	(5)	2	(3)
Other comprehensive earnings (loss)	$ (67)	(7)	(74)

(18) Commitments and Contingencies

Operating Leases

Liberty leases business offices, has entered into satellite transponder lease agreements and uses certain equipment under lease arrangements. Rental expense under such arrangements amounted to $39 million, $47 million and $50 million for the years ended December 31, 2015, 2014 and 2013, respectively.

A summary of future minimum lease payments under noncancelable operating leases and build to suit leases as of December 31, 2015 follows (amounts in millions):

Years ending December 31:	
2016	$ 41
2017	$ 43
2018	$ 41
2019	$ 37
2020	$ 34
Thereafter	$ 210

It is expected that in the normal course of business, leases that expire generally will be renewed or replaced by leases on other properties; thus, it is anticipated that future lease commitments will not be less than the amount shown for 2015.

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 consolidated financial statements.

(19) Information About Liberty's Operating Segments

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

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

Liberty defines Adjusted OIBDA as revenue less cost of sales, operating expenses, and selling, general and administrative expenses (excluding 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, certain purchase accounting adjustments, separately

reported litigation settlements 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 year ended December 31, 2015, Liberty has identified the following consolidated subsidiaries as its reportable segments:

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

In prior years, Liberty voluntarily provided financial informationfor the Digital Commerce businesses on an aggregated basis. Due to the sale of Provide and Backcountry and due to Liberty's announced intention to pursue a plan to spin-off Bodybuilding and CommerceHub (as described in note 1), Liberty no longer providesseparate financial information for the Digital Commerce businesses. The Digital Commerce businesses are now included in Corporate and other.

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

Performance Measures

	Years ended December 31,					
	2015		2014		2013	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions					
QVC Group						
QVC	$ 8,743	1,894	8,801	1,910	8,623	1,841
zulily	426	21	NA	NA	NA	NA
Corporate and other (1)	—	(28)	1,227	29	1,596	83
Total QVC Group	9,169	1,887	10,028	1,939	10,219	1,924
Ventures Group						
Corporate and other (1)	820	59	471	26	—	(11)
Total Ventures Group	820	59	471	26	—	(11)
Consolidated Liberty	$ 9,989	1,946	10,499	1,965	10,219	1,913

(1) As discussed in note 2, on October 3, 2014, Liberty completed the reattribution from the QVC Group (formerly referred to as the Interactive Group, prior to the reattribution), to the Ventures Group its 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 consolidated financial statements, with October 1, 2014 used as a proxy for the date of the reattribution. Accordingly, Revenue and Adjusted OIBDA attributable to the Digital Commerce companies are included in the QVC Group for the period through September 30, 2014 and are included in the Ventures Group for the period beginning October 1, 2014.

Other Information

	December 31, 2015			December 31, 2014		
	Total assets	Investments in affiliates	Capital expenditures	Total assets	Investments in affiliates	Capital expenditures
	amounts in millions					
QVC Group						
QVC	$12,058	43	215	12,226	47	183
zulily	2,741	—	3	NA	NA	NA
Corporate and other	342	165	—	544	328	43
Total QVC Group	15,141	208	218	12,770	375	226
Ventures Group						
Corporate and other	6,039	1,433	40	5,828	1,258	15
Total Ventures Group	6,039	1,433	40	5,828	1,258	15
Consolidated Liberty	$21,180	1,641	258	18,598	1,633	241

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

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Consolidated segment Adjusted OIBDA	$ 1,946	1,965	1,913
Stock-based compensation	(127)	(108)	(118)
Depreciation and amortization	(703)	(662)	(629)
Impairment of intangible assets	—	(7)	(30)
Interest expense	(360)	(387)	(380)
Share of earnings (loss) of affiliates, net	(60)	39	33
Realized and unrealized gains (losses) on financial instruments, net	114	(57)	(22)
Gains (losses) on transactions, net	110	74	(1)
Gains (losses) on dilution of investments in affiliates	314	(2)	1
Other, net	19	(19)	(30)
Earnings (loss) from continuing operations before income taxes	$ 1,253	836	737

Revenue by Geographic Area

Revenue by geographic area based on the location of customers is as follows:

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
United States	$ 7,412	7,617	7,332
Japan	811	912	1,029
Germany	850	1,003	971
Other foreign countries	916	967	887
	$ 9,989	10,499	10,219

Long-lived Assets by Geographic Area

	December 31,	
	2015	2014
	amounts in millions	
United States	$ 637	529
Japan	156	176
Germany	173	210
Other foreign countries	174	178
	$ 1,140	1,093

(20) Quarterly Financial Information (Unaudited)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	amounts in millions, except per share amounts			
2015:				
Revenue	$ 2,214	2,252	2,153	3,370
Operating income	$ 236	269	247	364
Earnings from continuing operations	$ 152	258	198	303
Net earnings (loss) attributable to Liberty Interactive Corporation stockholders:				
Series A and Series B QVC Group common stock	$ 151	112	154	223
Series A and Series B Liberty Ventures common stock	$ (8)	130	36	71
Basic net earnings (loss) from continuing operations attributable to Liberty Interactive Corporation stockholders per common share:				
Series A and Series B QVC Group common stock	$ 0.32	0.24	0.33	0.45
Series A and Series B Liberty Ventures common stock	$ (0.06)	0.92	0.26	0.50
Diluted net earnings (loss) from continuing operations attributable to Liberty Interactive Corporation stockholders per common share:				
Series A and Series B QVC Group common stock	$ 0.31	0.24	0.33	0.44
Series A and Series B Liberty Ventures common stock	$ (0.06)	0.91	0.25	0.50
Basic net earnings (loss) attributable to Liberty Interactive Corporation stockholders per common share:				
Series A and Series B QVC Group common stock	$ 0.32	0.24	0.33	0.45
Series A and Series B Liberty Ventures common stock	$ (0.06)	0.92	0.26	0.50
Diluted net earnings (loss) attributable to Liberty Interactive Corporation stockholders per common share:				
Series A and Series B QVC Group common stock	$ 0.31	0.24	0.33	0.44
Series A and Series B Liberty Ventures common stock	$ (0.06)	0.91	0.25	0.50

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
		amounts in millions, except per share amounts			
2014:					
Revenue	$	2,434	2,483	2,330	3,252
Operating income	$	246	259	239	444
Earnings from continuing operations	$	91	87	129	271
Net earnings (loss) attributable to Liberty Interactive Corporation stockholders:					
Series A and Series B QVC Group common stock	$	110	105	83	222
Series A and Series B Liberty Ventures common stock	$	(28)	(28)	37	36
Basic net earnings (loss) from continuing operations attributable to Liberty Interactive Corporation stockholders per common share:					
Series A and Series B QVC Group common stock	$	0.23	0.23	0.18	0.47
Series A and Series B Liberty Ventures common stock	$	(0.45)	(0.47)	0.47	0.28
Diluted net earnings (loss) from continuing operations attributable to Liberty Interactive Corporation stockholders per common share:					
Series A and Series B QVC Group common stock	$	0.23	0.23	0.18	0.46
Series A and Series B Liberty Ventures common stock	$	(0.45)	(0.47)	0.46	0.28
Basic net earnings (loss) attributable to Liberty Interactive Corporation stockholders per common share:					
Series A and Series B QVC Group common stock	$	0.22	0.22	0.17	0.47
Series A and Series B Liberty Ventures common stock	$	(0.38)	(0.38)	0.51	0.28
Diluted net earnings (loss) attributable to Liberty Interactive Corporation stockholders per common share:					
Series A and Series B QVC Group common stock	$	0.22	0.21	0.17	0.46
Series A and Series B Liberty Ventures common stock	$	(0.38)	(0.38)	0.50	0.28

PART III

The following required information will be included in an amendment to this Form 10-K:

Item 10.	Directors, Executive Officers and Corporate Governance
Item 11.	Executive Compensation
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
Item 13.	Certain Relationships and Related Transactions, and Director Independence
Item 14.	Principal Accountant Fees and Services

We expect to file an amendment to this Form 10-K with the Securities and Exchange Commission on or before April 29, 2016.

PART IV.

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) *Financial Statements*

Included in Part II of this report:

Liberty Interactive Corporation:

	Page No.
Reports of Independent Registered Public Accounting Firm	II-28 & II-30
Consolidated Balance Sheets, December 31, 2015 and 2014	II-31
Consolidated Statements of Operations, Years ended December 31, 2015, 2014 and 2013	II-33
Consolidated Statements of Comprehensive Earnings (loss), Years ended December 31, 2015, 2014 and 2013	II-34
Consolidated Statements of Cash Flows, Years ended December 31, 2015, 2014 and 2013	II-35
Consolidated Statements of Equity, Years ended December 31, 2015, 2014 and 2013	II-36
Notes to Consolidated Financial Statements, December 31, 2015, 2014and 2013	II-37

(a)(2) *Financial Statement Schedules*

(i) All schedules have been omitted because they are not applicable, not material or the required information is set forth in the financial statements or notes thereto.

(a)(3) *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 - Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession:

2.1 Reorganization Agreement, dated as of August 15, 2014, between Liberty Interactive Corporation and Liberty TripAdvisor Holdings, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on September 3, 2014 (File No. 001-33982)).

2.2 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 - Articles of Incorporation and Bylaws:

3.1 Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to Amendment No. 4 to the Registrant's Form 8-A (File No. 001-33982) as filed on June 4, 2015).

3.2 Certificate of Amendment to the Restated Certificate of Incorporation of Liberty Interactive Corporation (incorporated by reference to Exhibit 3.2 to Amendment No. 4 to Liberty Interactive Corporation's Form 8-A (File No. 001-33982) as filed on June 4, 2015).

3.3 Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on August 6, 2015 (File No. 001-33982)).

4 - Instruments Defining the Rights to Securities Holders, including Indentures:

4.1 Form of Specimen certificate for shares of the Registrant's Series A QVC Group common stock, par value $.01 per share (incorporated by reference to Exhibit 4.1 to Amendment No. 4 to Liberty Interactive Corporation's Form 8-A (File No. 001-33982) as filed on June 4, 2015).

4.2 Form of Specimen certificate for shares of the Registrant's Series B QVC Group common stock, par value $.01 per share (incorporated by reference to Exhibit 4.2 to Amendment No. 4 to Liberty Interactive Corporation's Form 8-A (File No. 001-33982) as filed on June 4, 2015).

4.3 Specimen certificate for shares of the Registrant's Series A Liberty Ventures common stock, par value $.01 per share (incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form S-4, as filed on April 3, 2012 (File No. 333-180543) (the "Liberty S-4")).

4.4 Specimen certificate for shares of the Registrant's Series B Liberty Ventures common stock, par value $.01 per share (incorporated by reference to Exhibit 4.4 to the Liberty S-4).

4.5 The Registrant undertakes to furnish to the Securities and Exchange Commission, upon request, a copy of all instruments with respect to long-term debt not filed herewith.

10 - Material Contracts:

10.1 Liberty Interactive Corporation 2000 Incentive Plan (As Amended and Restated Effective November 7, 2011) (the "2000 Incentive Plan") (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ending September 30, 2011 filed on November 8, 2011 (File No. 001-33982) (the "Liberty 2011 10-Q")).

10.2 Amendment to the 2000 Incentive Plan (effective as of August 5, 2013) (incorporated by reference to Exhibit 10.3 to the Liberty Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 filed on November 5, 2013) (File No. 001-33982) (the "Liberty 2013 10-Q").

10.3 Liberty Interactive Corporation 2007 Incentive Plan (As Amended and Restated Effective November 7, 2011) (the "2007 Incentive Plan") (incorporated by reference to Exhibit 10.6 to the Liberty 2011 10-Q).

10.4 Amendment to the 2007 Incentive Plan (effective as of August 5, 2013) (incorporated by reference to Exhibit 10.4 to the Liberty 2013 10-Q).

10.5 Liberty Interactive Corporation 2010 Incentive Plan (As Amended and Restated Effective November 7, 2011) (the "2010 Incentive Plan") (incorporated by reference to Exhibit 10.7 to the Liberty 2011 10-Q).

10.6 Amendment to the 2010 Incentive Plan (effective August 5, 2013) (incorporated by reference to Exhibit 10.5 to the Liberty 2013 10-Q).

10.7 Liberty Interactive Corporation 2002 Nonemployee Director Incentive Plan (As Amended and Restated Effective November 7, 2011) (the "2002 Directors Plan") (incorporated by reference to Exhibit 10.8 to the Liberty 2011 10-Q).

10.8 Amendment to the 2002 Directors Plan (effective as of August 5, 2013) (incorporated by reference to Exhibit 10.1 to the Liberty 2013 10-Q).

10.9 Liberty Interactive Corporation 2011 Nonemployee Director Incentive Plan (amended and restated as of December 17, 2015) (the "2011 Directors Plan").*

10.10 Liberty Interactive Corporation 2012 Incentive Plan (Amended and Restated as of March 31, 2015) (the "2012 Incentive Plan") (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended on March 31, 2015 filed on May 8, 2015 (File No. 001-33982)).

10.11 Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013 filed on February 28, 2014 (File No. 001-33982) (the "Liberty 2013 10-K")).

10.12 Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.14 to the Liberty 2013 10-K).

10.13 Form of Non-Qualified Stock Option Agreement under the 2000 Incentive Plan, the 2007 Incentive Plan and the 2010 Incentive Plan [for certain designated award recipients] (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2011 filed on February 23, 2012 (File No. 001-33982) (the "Liberty 2011 10-K")).

10.14 Form of Restricted Stock Award Agreement under the 2000 Incentive Plan, the 2007 Incentive Plan and the 2010 Incentive Plan [for certain designated award recipients] (incorporated by reference to Exhibit 10.19 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009 filed on February 25, 2010 (File No. 001-33982) (the "Liberty 2009 10-K)).

10.15 Form of Stock Appreciation Rights Agreement under the 2000 Incentive Plan and the 2007 Incentive Plan (incorporated by reference to Exhibit 10.20 to the Liberty 2009 10-K).

10.16 Form of Non-Qualified Stock Option Agreement under the 2002 Directors Plan and the 2011 Directors Plan (incorporated by reference to 10.19 to the Liberty 2011 10-K).

10.17 Form of Restricted Stock Award Agreement under the 2002 Directors Plan and the 2011 Directors Plan (incorporated by reference to 10.20 to the Liberty 2011 10-K).

10.18 Form of Stock Appreciation Rights Agreement under the 2002 Directors Plan (incorporated by reference to Exhibit 10.22 to the Liberty 2009 10-K).

10.19 Non-Qualified Stock Option Agreement under the 2007 Incentive Plan for Michael George dated March 2, 2011 (incorporated by reference to 10.22 to the Liberty 2011 10-K).

10.20 Amended and Restated Non-Qualified Stock Option Agreement under the 2000 Incentive Plan for Gregory B. Maffei (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ending June 30, 2012 filed on August 8, 2012 (File No. 001-33982) (the "Liberty 2012 10-Q")).

10.21 Amended and Restated Non-Qualified Stock Option Agreement under the 2007 Incentive Plan for Gregory B. Maffei (incorporated by reference to Exhibit 10.2 to the Liberty 2012 10-Q).

10.22 Employment Agreement between Michael George and QVC, Inc. (“QVC”) dated May 3, 2011 (incorporated by reference to 10.23 to the Liberty 2011 10-K).

10.23 Employment Agreement between Michael George and QVC, effective December 16, 2015.*

10.24 Employment Agreement between Gregory B. Maffei and Liberty Interactive Corporation dated December 29, 2014 (incorporated by reference to Exhibit 10.25 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2014 filed on February 27, 2015 (File No. 001-33982)).

10.25 Non-Qualified Stock Option Agreement under the Liberty Interactive Corporation 2010 Incentive Plan for Gregory B. Maffei, effective December 24, 2014 (incorporated by reference to Exhibit 10.3 to the Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015 filed on August 5, 2015 (File No. 001-33982)).

10.26 Letter Agreement regarding personal use of the Liberty aircraft, dated as of February 5, 2013, between Gregory B. Maffei and Liberty Media Corporation (incorporated by reference to Exhibit 10.18 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 28, 2013 (File No. 001-33982)).

10.27 Letter Agreement regarding personal use of Liberty Media’s aircraft, dated as of November 11, 2015, between Gregory B. Maffei and Liberty Media Corporation.*

10.28 Agreement Regarding LINTA Equity Awards dated September 23, 2011, between Liberty Interactive Corporation and Gregory B. Maffei (incorporated by reference to Exhibit 10.25 to the Liberty 2011 10-K).

10.29 Call Agreement, dated as of February 9, 1998 (the "Call Agreement"), between Liberty Interactive Corporation (as successor of Liberty Interactive LLC (f/k/a Liberty Media LLC, “Old Liberty”), as assignee of Tele-Communications, Inc.) and the Malone Group (incorporated by reference to Exhibit 10.26 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 27, 2009 (File No. 001-33982)).

10.30 Letter, dated as of March 5, 1999, from Tele-Communications, Inc. and Old Liberty addressed to Mr. Malone and Leslie Malone relating to the Call Agreement (incorporated by reference to Exhibit 10.27 to the Liberty 2009 10-K). 10.30 Form of Indemnification Agreement between the Registrant and its executive officers/directors (incorporated by reference to Exhibit 10.29 to the Liberty 2011 10-K) 10.31 Tax Sharing Agreement, dated September 23, 2011, between Liberty Interactive Corporation, Liberty Interactive LLC and Liberty Media Corporation (as assignee of Starz (f/k/a Liberty Media Corporation)) (incorporated by reference to Exhibit 10.4 to the Starz S-4).

10.31 Services Agreement, dated as of September 23, 2011, by and between Liberty Interactive Corporation and Liberty Media Corporation (as assignee of Starz (f/k/a Liberty Media Corporation)) (incorporated by reference to Exhibit 10.5 to the Starz S-4).

10.32 Tax Sharing Agreement, dated as of August 27, 2014, between Liberty Interactive Corporation and Liberty TripAdvisor Holdings, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on September 3, 2014) (File No. 001-33982)).

10.33 Amendment to Tax Sharing Agreement, dated as of October 3, 2014, between Liberty Interactive Corporation and Liberty TripAdvisor Holdings, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended on March 31, 2015 filed on May 8, 2015 (File No. 001-33982)).

10.34 Indenture dated as of September 25, 2009 among QVC, the guarantors party thereto and U.S. Bank National Association, as trustee, as supplemented by that Supplemental Indenture dated as of June 30, 2011 (incorporated by reference to Exhibit 10.1 to QVC's Registration Statement on Form S-4 filed on October 19, 2012 (File No. 333-184501) (the "QVC S-4")).

10.35 Indenture dated as of March 23, 2010 among QVC, the guarantors party thereto and U.S. Bank National Association, as trustee, as supplemented by that Supplemental Indenture dated as of June 30, 2011 (incorporated by reference to Exhibit 10.2 to the QVC S-4).

10.36 Indenture dated as of July 2, 2012 among QVC, the guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to the QVC S-4).

10.37 Indenture dated as of March 18, 2013 among QVC, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 10.2 to QVC's Quarterly Report on Form 10-Q filed on May 9, 2013 (File No. 333-184501)).

10.38 Form of the Indenture dated as of March 18, 2014 among QVC, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to QVC's Registration Statement on Form S-4 filed on April 30, 2014 (File No. 333-195586)).

10.39 Indenture dated as of August 21, 2014 among QVC, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to QVC's Registration Statement on Form S-4 filed on October 10, 2014 (File No. 333-199254)).

10.40 Form of Amended and Restated Credit Agreement, dated as of March 1, 2013, among QVC, Inc., as Borrower, J.P. Morgan Securities LLC, as Lead Arranger and Lead Bookrunner, JPMorgan Chase Bank, N.A., as Administrative Agent, Wells Fargo Bank, N.A., and BNP Paribas, as Syndication Agents, and the parties named therein as Lenders, Documentation Agents and Co-Lead Arrangers and Co-Bookrunners (incorporated by reference to Exhibit 99.2 to QVC's Current Report on Form 8-K filed on March 7, 2013 (File No. 333- 184501)).

10.41 Second Amended and Restated Credit Agreement, dated as of March 9, 2015, among QVC, Inc., as Borrower, J.P. Morgan Securities LLC, as Lead Arranger and Lead Bookrunner, JPMorgan Chase Bank, N.A., as Administrative Agent, Wells Fargo Bank, N.A., and BNP Paribas, as Syndication Agents, and the parties named therein as Lenders, Issuing Banks, Documentation Agents and Co-Lead Arrangers and Co-Bookrunners (incorporated by reference to Exhibit 4.1 to QVC's Current Report on Form 8-K (File No. 333-184501) as filed on March 13, 2015).

10.42 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).

10.43 Amended and Restated Investment Agreement, dated May 28, 2015, by and among Liberty Broadband Corporation, Liberty Interactive Corporation, JANA Nirvana Master Fund, Ltd., JANA Master Fund,

Ltd., and Coatue Offshore Master Fund, Ltd. (incorporated by reference to Exhibit 10.5 to Liberty Broadband Corporation's Current Report on Form 8-K (File No. 001-36713) filed with the Securities and Exchange Commission on May 29, 2015 (the "LBC 8-K").

10.44 Amended and Restated Assignment and Assumption Agreement, dated May 29, 2015, by and among Liberty Broadband Corporation, Liberty Interactive Corporation, Soroban Master Fund LP, and Soroban Opportunities Master Fund LP (incorporated by reference to Exhibit 10.8 to the LBC 8-K).

10.45 Liberty Interactive Corporation Nonemployee Director Deferred Compensation Plan (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended on March 31, 2015 filed on May 8, 2015 (File No. 001-33982)).

10.46 zulily, inc. 2009 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to zulily, inc.'s Registration Statement on Form S-1 (File No. 333-191617) as filed on October 8, 2013).

10.47 zulily, inc. 2013 Equity Plan (incorporated by reference to Exhibit 10.3 to Amendment No. 1 to zulily, inc.'s Registration Statement on Form S-1 (File No. 333-191617) as filed on October 17, 2013).

10.48 Form of Non-Qualified Stock Option Agreement*

10.49 Form of Restricted Stock Award Agreement.*

21 Subsidiaries of Liberty Interactive Corporation.*

23.1 Consent of KPMG LLP.*

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 Section 13 or 15(d) 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: February 26, 2016

By /s/Gregory B. Maffei
Gregory B. Maffei
Chief Executive Officer and President

Date: February 26, 2016

By /s/Christopher W. Shean
Christopher W. Shean
Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/John C. Malone John C. Malone	Chairman of the Board and Director	February 26, 2016
/s/Gregory B. Maffei Gregory B. Maffei	Director, Chief Executive Officer and President	February 26, 2016
/s/Christopher W. Shean Christopher W. Shean	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 26, 2016
/s/Michael A. George Michael A. George	Director	February 26, 2016
/s/M. Ian G. Gilchrist M. Ian G. Gilchrist	Director	February 26, 2016
/s/Evan D. Malone Evan D. Malone	Director	February 26, 2016
/s/David E. Rapley David E. Rapley	Director	February 26, 2016
/s/M. LaVoy Robison M. LaVoy Robison	Director	February 26, 2016
/s/Larry E. Romrell Larry E. Romrell	Director	February 26, 2016

/s/Andrea L. Wong Andrea L. Wong	Director	February 26, 2016
/s/Mark Vadon Mark Vadon	Director	February 26, 2016

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 - Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession:

2.1 Reorganization Agreement, dated as of August 15, 2014, between Liberty Interactive Corporation and Liberty TripAdvisor Holdings, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on September 3, 2014 (File No. 001-33982)).

2.2 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 - Articles of Incorporation and Bylaws:

3.1 Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to Amendment No. 4 to the Registrant's Form 8-A (File No. 001-33982) as filed on June 4, 2015).

3.2 Certificate of Amendment to the Restated Certificate of Incorporation of Liberty Interactive Corporation (incorporated by reference to Exhibit 3.2 to Amendment No. 4 to Liberty Interactive Corporation's Form 8-A (File No. 001-33982) as filed on June 4, 2015).

3.3 Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on August 6, 2015 (File No. 001-33982)).

4 - Instruments Defining the Rights to Securities Holders, including Indentures:

4.1 Form of Specimen certificate for shares of the Registrant's Series A QVC Group common stock, par value $.01 per share (incorporated by reference to Exhibit 4.1 to Amendment No. 4 to Liberty Interactive Corporation's Form 8-A (File No. 001-33982) as filed on June 4, 2015).

4.2 Form of Specimen certificate for shares of the Registrant's Series B QVC Group common stock, par value $.01 per share (incorporated by reference to Exhibit 4.2 to Amendment No. 4 to Liberty Interactive Corporation's Form 8-A (File No. 001-33982) as filed on June 4, 2015).

4.3 Specimen certificate for shares of the Registrant's Series A Liberty Ventures common stock, par value $.01 per share (incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form S-4, as filed on April 3, 2012 (File No. 333-180543) (the "Liberty S-4")).

4.4 Specimen certificate for shares of the Registrant's Series B Liberty Ventures common stock, par value $.01 per share (incorporated by reference to Exhibit 4.4 to the Liberty S-4).

4.5 The Registrant undertakes to furnish to the Securities and Exchange Commission, upon request, a copy of all instruments with respect to long-term debt not filed herewith.

10 - Material Contracts:

10.1 Liberty Interactive Corporation 2000 Incentive Plan (As Amended and Restated Effective November 7, 2011) (the "2000 Incentive Plan") (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ending September 30, 2011 filed on November 8, 2011 (File No. 001-33982) (the "Liberty 2011 10-Q")).

10.2 Amendment to the 2000 Incentive Plan (effective as of August 5, 2013) (incorporated by reference to Exhibit 10.3 to the Liberty Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 filed on November 5, 2013) (File No. 001-33982) (the "Liberty 2013 10-Q").

10.3 Liberty Interactive Corporation 2007 Incentive Plan (As Amended and Restated Effective November 7, 2011) (the "2007 Incentive Plan") (incorporated by reference to Exhibit 10.6 to the Liberty 2011 10-Q).

10.4 Amendment to the 2007 Incentive Plan (effective as of August 5, 2013) (incorporated by reference to Exhibit 10.4 to the Liberty 2013 10-Q).

10.5 Liberty Interactive Corporation 2010 Incentive Plan (As Amended and Restated Effective November 7, 2011) (the "2010 Incentive Plan") (incorporated by reference to Exhibit 10.7 to the Liberty 2011 10-Q).

10.6 Amendment to the 2010 Incentive Plan (effective August 5, 2013) (incorporated by reference to Exhibit 10.5 to the Liberty 2013 10-Q).

10.7 Liberty Interactive Corporation 2002 Nonemployee Director Incentive Plan (As Amended and Restated Effective November 7, 2011) (the "2002 Directors Plan") (incorporated by reference to Exhibit 10.8 to the Liberty 2011 10-Q).

10.8 Amendment to the 2002 Directors Plan (effective as of August 5, 2013) (incorporated by reference to Exhibit 10.1 to the Liberty 2013 10-Q).

10.9 Liberty Interactive Corporation 2011 Nonemployee Director Incentive Plan (amended and restated as of December 17, 2015) (the "2011 Directors Plan").*

10.10 Liberty Interactive Corporation 2012 Incentive Plan (Amended and Restated as of March 31, 2015) (the "2012 Incentive Plan") (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended on March 31, 2015 filed on May 8, 2015 (File No. 001-33982)).

10.11 Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013 filed on February 28, 2014 (File No. 001-33982) (the "Liberty 2013 10-K")).

10.12 Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.14 to the Liberty 2013 10-K).

10.13 Form of Non-Qualified Stock Option Agreement under the 2000 Incentive Plan, the 2007 Incentive Plan and the 2010 Incentive Plan [for certain designated award recipients] (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2011 filed on February 23, 2012 (File No. 001-33982) (the "Liberty 2011 10-K")).

10.14 Form of Restricted Stock Award Agreement under the 2000 Incentive Plan, the 2007 Incentive Plan and the 2010 Incentive Plan [for certain designated award recipients] (incorporated by reference to Exhibit 10.19 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009 filed on February 25, 2010 (File No. 001-33982) (the "Liberty 2009 10-K)).

10.15 Form of Stock Appreciation Rights Agreement under the 2000 Incentive Plan and the 2007 Incentive Plan (incorporated by reference to Exhibit 10.20 to the Liberty 2009 10-K).

10.16 Form of Non-Qualified Stock Option Agreement under the 2002 Directors Plan and the 2011 Directors Plan (incorporated by reference to 10.19 to the Liberty 2011 10-K).

10.17 Form of Restricted Stock Award Agreement under the 2002 Directors Plan and the 2011 Directors Plan (incorporated by reference to 10.20 to the Liberty 2011 10-K).

10.18 Form of Stock Appreciation Rights Agreement under the 2002 Directors Plan (incorporated by reference to Exhibit 10.22 to the Liberty 2009 10-K).

10.19 Non-Qualified Stock Option Agreement under the 2007 Incentive Plan for Michael George dated March 2, 2011 (incorporated by reference to 10.22 to the Liberty 2011 10-K).

10.20 Amended and Restated Non-Qualified Stock Option Agreement under the 2000 Incentive Plan for Gregory B. Maffei (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ending June 30, 2012 filed on August 8, 2012 (File No. 001-33982) (the "Liberty 2012 10-Q")).

10.21 Amended and Restated Non-Qualified Stock Option Agreement under the 2007 Incentive Plan for Gregory B. Maffei (incorporated by reference to Exhibit 10.2 to the Liberty 2012 10-Q).

10.22 Employment Agreement between Michael George and QVC, Inc. ("QVC") dated May 3, 2011 (incorporated by reference to 10.23 to the Liberty 2011 10-K).

10.23 Employment Agreement between Michael George and QVC, effective December 16, 2015.*

10.24 Employment Agreement between Gregory B. Maffei and Liberty Interactive Corporation dated December 29, 2014 (incorporated by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014 filed on February 27, 2015 (File No. 001-33982)).

10.25 Non-Qualified Stock Option Agreement under the Liberty Interactive Corporation 2010 Incentive Plan for Gregory B. Maffei, effective December 24, 2014 (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015 filed on August 5, 2015 (File No. 001-33982)).

10.26 Letter Agreement regarding personal use of the Liberty aircraft, dated as of February 5, 2013, between Gregory B. Maffei and Liberty Media Corporation (incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 28, 2013 (File No. 001-33982)).

10.27 Letter Agreement regarding personal use of Liberty Media's aircraft, dated as of November 11, 2015, between Gregory B. Maffei and Liberty Media Corporation.*

10.28 Agreement Regarding LINTA Equity Awards dated September 23, 2011, between Liberty Interactive Corporation and Gregory B. Maffei (incorporated by reference to Exhibit 10.25 to the Liberty 2011 10-K).

10.29 Call Agreement, dated as of February 9, 1998 (the "Call Agreement"), between Liberty Interactive Corporation (as successor of Liberty Interactive LLC (f/k/a Liberty Media LLC, “Old Liberty”), as assignee of Tele-Communications, Inc.) and the Malone Group (incorporated by reference to Exhibit 10.26 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 27, 2009 (File No. 001-33982)).

10.30 Letter, dated as of March 5, 1999, from Tele-Communications, Inc. and Old Liberty addressed to Mr. Malone and Leslie Malone relating to the Call Agreement (incorporated by reference to Exhibit 10.27 to the Liberty 2009 10-K). 10.30 Form of Indemnification Agreement between the Registrant and its executive officers/directors (incorporated by reference to Exhibit 10.29 to the Liberty 2011 10-K) 10.31 Tax Sharing Agreement, dated September 23, 2011, between Liberty Interactive Corporation, Liberty Interactive LLC and Liberty Media Corporation (as assignee of Starz (f/k/a Liberty Media Corporation)) (incorporated by reference to Exhibit 10.4 to the Starz S-4).

10.31 Services Agreement, dated as of September 23, 2011, by and between Liberty Interactive Corporation and Liberty Media Corporation (as assignee of Starz (f/k/a Liberty Media Corporation)) (incorporated by reference to Exhibit 10.5 to the Starz S-4).

10.32 Tax Sharing Agreement, dated as of August 27, 2014, between Liberty Interactive Corporation and Liberty TripAdvisor Holdings, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on September 3, 2014) (File No. 001-33982)).

10.33 Amendment to Tax Sharing Agreement, dated as of October 3, 2014, between Liberty Interactive Corporation and Liberty TripAdvisor Holdings, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended on March 31, 2015 filed on May 8, 2015 (File No. 001-33982)).

10.34 Indenture dated as of September 25, 2009 among QVC, the guarantors party thereto and U.S. Bank National Association, as trustee, as supplemented by that Supplemental Indenture dated as of June 30, 2011 (incorporated by reference to Exhibit 10.1 to QVC's Registration Statement on Form S-4 filed on October 19, 2012 (File No. 333-184501) (the “QVC S-4”)).

10.35 Indenture dated as of March 23, 2010 among QVC, the guarantors party thereto and U.S. Bank National Association, as trustee, as supplemented by that Supplemental Indenture dated as of June 30, 2011 (incorporated by reference to Exhibit 10.2 to the QVC S-4).

10.36 Indenture dated as of July 2, 2012 among QVC, the guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to the QVC S-4).

10.37 Indenture dated as of March 18, 2013 among QVC, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 10.2 to QVC's Quarterly Report on Form 10-Q filed on May 9, 2013 (File No. 333-184501)).

10.38 Form of the Indenture dated as of March 18, 2014 among QVC, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to QVC’s Registration Statement on Form S-4 filed on April 30, 2014 (File No. 333-195586)).

10.39 Indenture dated as of August 21, 2014 among QVC, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to QVC's Registration Statement on Form S-4 filed on October 10, 2014 (File No. 333-199254)).

10.40 Form of Amended and Restated Credit Agreement, dated as of March 1, 2013, among QVC, Inc., as Borrower, J.P. Morgan Securities LLC, as Lead Arranger and Lead Bookrunner, JPMorgan Chase Bank, N.A., as Administrative Agent, Wells Fargo Bank, N.A., and BNP Paribas, as Syndication Agents, and the parties named therein as Lenders, Documentation Agents and Co-Lead Arrangers and Co-Bookrunners (incorporated by reference to Exhibit 99.2 to QVC's Current Report on Form 8-K filed on March 7, 2013 (File No. 333- 184501)).

10.41 Second Amended and Restated Credit Agreement, dated as of March 9, 2015, among QVC, Inc., as Borrower, J.P. Morgan Securities LLC, as Lead Arranger and Lead Bookrunner, JPMorgan Chase Bank, N.A., as Administrative Agent, Wells Fargo Bank, N.A., and BNP Paribas, as Syndication Agents, and the parties named therein as Lenders, Issuing Banks, Documentation Agents and Co-Lead Arrangers and Co-Bookrunners (incorporated by reference to Exhibit 4.1 to QVC's Current Report on Form 8-K (File No. 333-184501) as filed on March 13, 2015).

10.42 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).

10.43 Amended and Restated Investment Agreement, dated May 28, 2015, by and among Liberty Broadband Corporation, Liberty Interactive Corporation, JANA Nirvana Master Fund, Ltd., JANA Master Fund, Ltd., and Coatue Offshore Master Fund, Ltd. (incorporated by reference to Exhibit 10.5 to Liberty Broadband Corporation's Current Report on Form 8-K (File No. 001-36713) filed with the Securities and Exchange Commission on May 29, 2015 (the "LBC 8-K").

10.44 Amended and Restated Assignment and Assumption Agreement, dated May 29, 2015, by and among Liberty Broadband Corporation, Liberty Interactive Corporation, Soroban Master Fund LP, and Soroban Opportunities Master Fund LP (incorporated by reference to Exhibit 10.8 to the LBC 8-K).

10.45 Liberty Interactive Corporation Nonemployee Director Deferred Compensation Plan (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended on March 31, 2015 filed on May 8, 2015 (File No. 001-33982)).

10.46 zulily, inc. 2009 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to zulily, inc.'s Registration Statement on Form S-1 (File No. 333-191617) as filed on October 8, 2013).

10.47 zulily, inc. 2013 Equity Plan (incorporated by reference to Exhibit 10.3 to Amendment No. 1 to zulily, inc.'s Registration Statement on Form S-1 (File No. 333-191617) as filed on October 17, 2013).

10.48 Form of Non-Qualified Stock Option Agreement*

10.49 Form of Restricted Stock Award Agreement.*

21 Subsidiaries of Liberty Interactive Corporation.*

23.1 Consent of KPMG LLP.*

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.

Exhibit 10.23

EXECUTION COPY

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made effective this 16th day of December, 2015 (the "Effective Date") by and between Michael George ("Executive") and QVC, Inc., a Delaware corporation ("QVC").

In consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties, intending to be legally bound hereby, agree as follows:

1. Duties and Responsibilities.

A. Title, Duties and Reporting. Executive will be employed as President and Chief Executive Officer of QVC. Executive will perform the duties and services of those positions, as well as performing any other duties and services consistent with those positions as QVC may reasonably request. Executive shall at all times be subject to (i) during such time as Liberty Interactive Corporation ("Liberty Interactive") is the ultimate parent entity of QVC, the supervision and control of the Chairman or Chief Executive Officer of Liberty Interactive as the Board of Directors of Liberty Interactive (the "LIC Board") may designate, or (ii) during such time as Liberty Interactive is not the ultimate parent entity of QVC, the supervision and control of the governing body of the person that is then the ultimate parent entity of QVC or such executive officer of the new ultimate parent entity as such entity may designate, or (iii) if QVC is itself a publicly-traded company or has no ultimate parent entity, the supervision and control of the board of directors of QVC.

B. Time and Effort. Executive shall devote substantially all of Executive's business time, attention and energy to the performance of Executive's duties and to the promotion of the business and interests of QVC and its affiliated companies. Executive shall also adhere to QVC's general employee policies. Nothing herein shall preclude Executive from (a) serving on the boards of directors of public or private corporations with the approval of the CEO of Liberty Interactive (which approval shall not be unreasonably withheld), (b) serving on the boards of a reasonable number of trade associations and/or charitable organizations, (c) engaging in charitable activities and community affairs, and (d) managing his personal investments and affairs, provided that such activities do not conflict or materially interfere with the effective discharge of his duties and responsibilities under this Section l.

C. Board Position. Executive will continue to serve as a member of the LIC Board immediately following the Effective Date. It is anticipated that during the Term, Liberty Interactive will nominate and recommend to the stockholders of Liberty Interactive that Executive be elected to the LIC Board whenever Executive is scheduled to stand or stands for reelection to the LIC Board at any of Liberty Interactive's annual stockholder meetings during

the Term. Upon termination of the Executive's employment by QVC for any reason or voluntarily by Executive for any reason, Executive will promptly resign from the LIC Board unless otherwise requested by Liberty Interactive.

2. Term. The term of this Agreement shall commence on the Effective Date and end on December 31, 2020, unless this Agreement is sooner terminated in accordance with Section 8 ("Term").

3. Compensation.

A. Base Compensation. For all services Executive renders to QVC and its affiliated companies, QVC will pay Executive an annual salary at the rate of One Million Two Hundred Fifty Thousand Dollars ($1,250,000) (as may be increased from time to time, "Base Compensation"), which Base Compensation shall be paid in accordance with QVC's customary payroll practices.

B. Bonus Compensation. Executive will be eligible to receive an annual cash bonus (the "Bonus"). Executive's target bonus each year during the Term will equal 100% of Executive's base salary for the year, subject to satisfaction of the criteria established for such bonus as described below. The Bonus will be determined by the Compensation Committee of the LIC Board (the "Compensation Committee') in its sole discretion and will be (i) based on such criteria as are approved in advance by the Compensation Committee, and (ii) designed in a manner such that the Bonus will be treated as "qualified performance-based compensation" within the meaning of Section 162(m). For the avoidance of doubt, Executive's bonus for calendar year 2015 will be determined in accordance with the terms of Executive's employment agreement that was in effect as of January 1, 2015.

C. Withholding. All payments made to Executive pursuant to this Agreement, including pursuant to this Section 3 and Section 9, will be made net of any amounts that QVC is required to deduct or withhold pursuant to any foreign, federal, state or local laws, rules or regulations.

D. Multiyear Option Grant.

(i) On September 28, 2015, Executive was granted 1,680,065 options to acquire Liberty Interactive's Series A QVC Group Common Stock ("QVCA Common Stock") at an exercise price of $26.00 per share (the "Multiyear Options"). Such grants were made pursuant to an award agreement in the form approved by Liberty Interactive, which includes the applicable terms set forth in Section 9 as well as Liberty Interactive's other standard terms and provisions, including forfeiture provisions related to restatement of financial statements. Other than the Performance RSUs described below, it is anticipated that Executive will not receive any additional grants of options, warrants, restricted stock or other equity or equity derivatives in QVC or Liberty Interactive or any of their respective affiliates ("Equity Awards") during the Term.

(ii) The vesting period for the Multiyear Options begins on January 1, 2016 (the "Vesting Start Date"). The term of the Multiyear Options ends on December 31, 2022, subject to earlier termination in accordance with the terms of this Agreement and the separate

Non-Qualified Stock Option Agreement dated effective as of September 28, 2015 (the "Multiyear Option Agreement").

(iii) Unless the exercisability of the Multiyear Options is accelerated pursuant to Section 9.A., Section 9.C., or Section 9.G., and subject to Executive's continued employment with QVC or its affiliates in accordance with the terms of the Multiyear Option Agreement, 50% of the Multiyear Options will become exercisable on December 31, 2019, and 50% of the Multiyear Options will become exercisable on December 31, 2020.

E. Annual Performance Awards. For each of calendar years 2016, 2017, 2018, 2019 and 2020, subject to Compensation Committee approval, Executive will be eligible to receive from Liberty Interactive a target award of performance-based Restricted Stock Units with respect to QVCA Common Stock (the "Performance RSUs") with a value equal to at least $4,125,000 per calendar year. Such grants will be made within the first 90 days of each calendar year pursuant to a Restricted Stock Unit award agreement in the form approved by Liberty Interactive from time to time and will include the applicable terms set forth in Section 9 as well as Liberty Interactive's other standard terms and provisions, including forfeiture provisions related to restatement of financial statements. The vesting of each grant of Performance RSUs will be subject to the satisfaction of such performance criteria as are determined in advance each year by the Compensation Committee and will be designed in a manner such that the Performance RSUs will be treated as "qualified performance-based compensation" within the meaning of Section 162(m). Notwithstanding anything to the contrary in this Agreement, in no event will any Performance RSUs be granted to Executive after the date of Executive's termination of employment.

4. Welfare, Retirement and Fringe Benefits. During the Term, Executive shall be entitled to participate in the welfare, retirement and fringe benefit programs then available to senior-level executives of QVC, including but not limited to medical, dental, hospitalization, disability and life insurance plans, retirement plans or programs, including, without limitation, defined benefit and defined contribution plans, deferred compensation plans and such other plans and programs that may be provided by QVC from time to time.

5. Restrictions.

A. Other Work: Except as otherwise provided in Section 1, Executive shall not perform any work for, or render services to, any person, firm or company other than QVC, unless done pursuant to his duties hereunder or approved in advance in writing by QVC.

(i) Gifts/Samples: Executive shall promptly report in writing to the General Counsel of QVC all gifts, services or consideration Executive receives from a third party which is connected with QVC business in any way. The determination as to such gifts, services or considerations shall be made in accordance with QVC's business conduct policies and the Liberty Interactive Code of Conduct. In addition, all samples which Executive receives from QVC vendors or prospective vendors must be returned to the vendor or given to QVC after Executive has completed Executive's evaluation of a product, unless such sample is consumed or otherwise depleted during the course of Executive's evaluation. All samples Executive receives from QVC vendors or prospective vendors which are not (a) given to QVC or returned to the

vendor or (b) consumed or otherwise depleted in connection with Executive's evaluation of the product within ninety (90) days after Executive's receipt of the product must be promptly reported in writing to the General Counsel of QVC. QVC may return to a vendor samples it receives from Executive or QVC may dispose of such samples as it determines in its discretion.

(ii) Confidential Information: Executive shall not disclose to any third party other than QVC's subsidiaries or affiliates, nor shall Executive make use of, confidential and proprietary business information regarding QVC which is not generally known to the public or to the relevant trade or industry, except in the course of performing his duties under this Agreement. Anything herein to the contrary notwithstanding, the provisions of this Section 5.A.(iii) will not apply (a) if disclosure is required by law or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with apparent jurisdiction to order Executive to disclose or make available such information, provided, however that Executive will promptly notify QVC in writing upon receiving a request for such information and, if QVC requests, reasonably cooperate with QVC at QVC's expense in seeking a protective order or other appropriate protection of such information or (b) to the extent reasonably necessary in connection with any other litigation, arbitration or mediation involving this Agreement, including but not limited to enforcement of this Agreement. Nothing in this provision or this Agreement prohibits you or your counsel from initiating communications directly with, filing a complaint or charge with, responding to any inquiry from, providing testimony before, or participating in any investigations by or proceedings before the SEC, FINRA, OSHA, or any other self-regulating organization or any other federal, state or local administrative or regulatory authority or organization.

(iii) **[Intentionally Omitted]**.

(iv) Non-Competition/Non-Solicitation:

(a) For purposes of this subparagraph, the following terms shall have the meanings set forth below:

(1) The term "Direct Electronic Retailing" shall mean transmission by television, video, radio or other electronic means (other than Internet Retailing as defined below), through which a consumer is requested to respond by mail, telephone, computer or other electronic means to an individual or entity offering a retail product or service for sale; and

(2) The term "Internet Retailing" shall mean the retail marketing of goods and services through the use of the Internet (including wired, wireless, mobile and similar technologies), digital media or other similar means; and

(3) The term "Primary Internet Retailer" shall mean any person, firm or entity engaged in the Internet Retailing business where fifty percent (50%) or more of the gross revenue of such person, firm or entity (together with those of its affiliates, in the aggregate) has been during the past year or is expected to be during the following year directly or indirectly derived from any form of retail marketing of goods or services by means of lnternet Retailing; and

(4) The term "Major Retailer" shall mean any person, firm or entity (together with its affiliates, in the aggregate) that had during the prior year or is expected to have during the following year revenues from all sources, including the Internet Retailing business, of more than $500,000,000; and

(5) The term "Permitted Position" shall mean an employment by or engagement for a Major Retailer in which the responsibilities of the employment or engagement do not relate to the direct management of Internet Retailing.

(b) In consideration of Executive's employment by QVC pursuant to the terms of this Agreement, Executive agrees that for so long as Executive is employed by QVC or any of its affiliated entities (whether pursuant to this Agreement or otherwise) and for a period of one year (or, in the case of Section 5.A.(v)(b)(1)(i), Section 5.A.(v)(b)(1)(ii)(z), Section 5.A.(v)(b)(2) and Section 5.A.(v)(b)(3), two years) after Executive's last day of employment with QVC or any of its affiliated entities (whether pursuant to this Agreement or otherwise), Executive shall not, directly or, except as specifically provided below, indirectly:

(1) within the United States and elsewhere where QVC or any of its affiliated entities conducts its business, (i) provide direct management services in connection with any form of Direct Electronic Retailing or Internet Retailing or (ii) become employed by, or render services to, any person, firm or entity which (x) is both a Primary Internet Retailer and a Major Retailer, and/or (y) is a Major Retailer, other than in a Permitted Position, and/or (z) is engaged in, or about to be engaged in, the marketing of goods or services by means of Direct Electronic Retailing and/or Internet Retailing, where more than 25% of the gross revenue of such person, firm or entity (together with those of its affiliates, in the aggregate) is directly or indirectly derived (or for persons, firms or entities preparing to be engaged in the marketing of goods or services by means of Direct Electronic Retailing and/or Internet Retailing, is expected to be derived) from any form of Direct Electronic Retailing and/or Internet Retailing, whether the services listed in (x), (y), and (z) above are rendered as a principal, partner, officer, director, agent, employee, representative, consultant, independent contractor or otherwise, without the prior written consent of QVC; and/or

(2) induce or attempt to induce, except in the course of carrying out his duties under this Agreement, any employee of QVC or any of its subsidiaries or affiliates to leave the employ of QVC or any such subsidiary or affiliate; and/or

(3) induce or attempt to induce, except in the course of carrying out his duties under this Agreement, any person to terminate a relationship with QVC or any of its subsidiaries or affiliates.

(v) Codes of Conduct: Executive agrees to abide by QVC's business conduct policies and the Liberty Interactive Code of Conduct.

B. Executive's obligations under this Section 5 are of a special and unique character which gives them a peculiar value. QVC cannot be reasonably or adequately compensated in damages in an action at law in the event Executive breaches such obligations. Executive agrees that, in addition to any other rights or remedies which QVC may possess, QVC shall be entitled

to injunctive relief and other equitable relief to prevent a breach of this Section 5, including but not limited to a temporary restraining order or preliminary injunction from any court of competent jurisdiction restraining any threatened or actual violation. Executive waives the making of a bond as a condition for obtaining such relief. Such rights shall be cumulative and in addition to any other legal or equitable rights and remedies QVC may have.

6. Reimbursement of Business-Related Expenses. QVC shall reimburse Executive for all reasonable and necessary out-of-pocket expenses that Executive actually incurs in the performance of Executive's duties, including, but not limited to, expenses for travel and other miscellaneous business expenses; provided, however, that Executive shall submit to QVC written itemized expense reports and such additional substantiation QVC may reasonably request. QVC will also reimburse Executive for, or directly pay, the reasonable legal fees incurred by him in connection with the negotiation and drafting of this Agreement.

7. Proceeds of Executive's Services/Use of Executive's Image.

A. Executive acknowledges and agrees that any and all proceeds of all services provided to QVC and any and all works created or produced by Executive for QVC (collectively referred to herein as the "Works") are being prepared by and for, and at the instigation and under the direction of, QVC and that the Works are and at all times shall be regarded as "work made for hire" as that term is used in the United States copyright laws, and that all copyrights in and to the Works belong to QVC as "work made for hire". Without limiting the preceding sentence, and by this Agreement, Executive assigns, grants and delivers, exclusively unto QVC, its legal representatives, successors and assigns, all right, title and interest of every kind and nature whatsoever in and to the Works, and all copies, versions, derivatives, processes, systems, products and proceeds thereof, or resulting therefrom, including any copyrights in any country.

B. Executive also grants QVC the use of Executive's performances and pictures for advertising, public displays, promotion and all other legal presentations including, without limitation, the above-mentioned uses. After the term of this Agreement, QVC will not make use of Executive's performances and pictures in a manner in which Executive is the subject of the advertising, public displays, promotion and other presentations except with respect to any of the foregoing that were created during the Term. Executive releases QVC, its successors and assigns, from all liability to the extent resulting from the use of Executive's own performance or picture.

8. Termination.

A. Executive's employment may be terminated by QVC with or without prior notice and with or without Cause (as defined in Section 9.B.) at any time prior to the end of the Term. Executive's employment shall immediately terminate upon Executive's death or Disability (as defined in Section 9.A.). During the Term, Executive may voluntarily terminate Executive's employment with QVC by giving (i) 30 days' advance written notice to QVC of Executive's intent to so terminate for Good Reason, and (ii) six months' advance written notice to QVC of Executive's intent to so terminate other than for Good Reason or Disability.

B. In order for such a termination to qualify as a "Good Reason" termination such termination must be based on one of more of the circumstances described in the next sentence. For purposes of this Agreement, "Good Reason" shall be an action by QVC, (or in the case of clause (ix) of this Section 8.B, by LIC) other than in connection with the termination of Executive's employment by QVC for Cause (i) that results in a material diminution or material adverse change in Executive's title, authority, duties or responsibilities including but not limited to assignment to Executive of duties materially inconsistent with Executive's duties as described in Section 1 or that materially impair his ability to carry out those duties; (ii) requiring Executive to be based at any office or location other than offices of QVC in West Chester, Pennsylvania; provided, however, that a general relocation of the offices of QVC to a location not more than 25 miles from West Chester, Pennsylvania shall not constitute a Good Reason; (iii) that results in a reduction in Executive's (a) then current Base Compensation or (b) eligibility to receive a Bonus with a target of 100% of Base Compensation (it being acknowledged that QVC and the LIC Board have no obligation to actually award any Bonus); (v) that would substantially diminish the aggregate value of the benefits provided to Executive, including, but not limited to, benefits under QVC's medical, health, accident, disability, life insurance, thrift and retirement and deferred compensation plans other than any action that applies to all senior officers of QVC with respect to the benefit plans; (vi) that results in a change in the reporting structure applicable to Executive other than as permitted by Section 1; (vii) that results in a breach by QVC of any material provision of this Agreement; (viii) that results in the failure of QVC to obtain, within a reasonable period of time after Executive's written request, the assumption in writing of its obligation to perform this Agreement by any successor to all or substantially all of the assets of QVC or (ix) that results in Executive not being granted all or any part of the Performance RSUs specified in Section 3.E. Good Reason will not be deemed to exist unless Executive gives QVC notice within 120 days following the occurrence of the event which Executive believes constitutes the basis for Good Reason, specifying the particular act or failure to act which Executive believes constitutes the basis for Good Reason and provides QVC with a reasonable opportunity of at least 30 days to cure such act or failure to act.

C. Subject to Section 10.B., this Agreement will terminate upon the termination of Executive's employment with QVC.

9. Rights Upon Termination Prior to Expiration of Term.

A. Termination for Death or Disability.

(i) Upon termination of Executive's employment for Executive's death or Disability (as defined in clause (iv) below) prior to the expiration of the Term, QVC shall pay Executive, or Executive's designated beneficiary or estate, as the case may be, (a) Executive's then current Base Compensation in accordance with QVC's customary payroll practices for a period of one year after such payments commence under this Agreement (the "Base Compensation Continuing Payments"); (b) Executive's Base Compensation through the date of termination; (c) the amount of any reimbursable expenses incurred by Executive pursuant to Section 6 prior to the date of termination but not yet reimbursed; (d) any declared but unpaid Bonus for the calendar year prior to the year in which the termination occurs; (e) vested benefits, if any, owed to Executive in accordance with other applicable plans, programs and arrangements of QVC and its affiliates; and (f) any other amounts that QVC is required pursuant to applicable

law to pay Executive (the amounts referenced in clauses (b), (c), (e) and (f) are referred to in this Agreement as the "Standard Entitlements"). Any Bonus payable pursuant to Section 9.A(i)(d) will be paid at the time that it would have been paid if no termination of employment had occurred.

(ii) Upon termination of Executive's employment for Executive's death or Disability on or after the Vesting Start Date but prior to the expiration of the Term, the Multiyear Options (a) will immediately vest and become exercisable to the extent not already vested as of the date of termination of employment, and (b) will be exercisable throughout the remainder of the full original term of such Equity Award (determined without reference to any provision in the applicable award agreement that reduces the exercisability of, or limits the vesting of, such Equity Award upon Executive's termination of employment, but otherwise in accordance with the terms and conditions applicable to such Equity Award).

(iii) Upon termination of Executive's employment for Executive's death or Disability, any issued and outstanding but unvested Performance RSUs will immediately vest to the extent not already vested as of the date of termination of employment.

(iv) For purposes of this Agreement, "Disability" means Executive's inability to perform his duties because of physical or mental incapacity for a period of 180 consecutive days and, within 30 days after a notice of termination is given to Executive, Executive has not returned to work. Notwithstanding the foregoing, Executive will not be considered to have suffered a Disability unless he is also "disabled" as such term is defined under Section 409A(a)(2)(C) of the Internal Revenue Code.

(v) Except as specified in this Section 9.A., QVC will have no further liability or obligation to Executive following a termination of Executive's employment prior to expiration of the Term as a result of death or Disability.

(vi) Payment of the benefits described above will be subject to the timing requirements set forth in Section 20.

B. Termination for Cause.

(i) Upon a termination of Executive's employment for Cause (as defined in clause (iv) below) prior to the expiration of the Term, QVC shall pay Executive the Standard Entitlements.

(ii) Upon a termination of Executive's employment for Cause prior to the expiration of the Term (a) Executive will forfeit all rights to any Multiyear Options then held by Executive that are not vested as of the date of termination of Executive's employment; and (b) any Multiyear Options that are outstanding and vested, but unexercised, as of the date of termination of Executive's employment will be exercisable for a period of up to 90 days after the date of termination (but in no event will be exercisable after the stated term of such option or similar right).

(iii) Upon a termination of Executive's employment for Cause prior to the expiration of the Term, Executive will forfeit all rights to any Performance RSUs then held by Executive that are not vested as of the date of termination of Executive's employment.

(iv) "Cause" shall be (a) if Executive commits a material breach of this Agreement, (b) if Executive commits fraud or embezzlement or other serious misconduct against QVC or its affiliates, including, without limitation, a serious or material violation of QVC's business conduct policies or the Liberty Interactive Code of Conduct, (c) the conviction of Executive of any felony under or within the meaning of United States federal law or state law, or (d) the conviction of Executive of a misdemeanor which conviction relates to Executive's suitability for employment in Executive's then current position but excluding any conviction for a minor traffic violation. In no event will Executive be terminated for Cause without (x) a reasonable opportunity for Executive to be heard by the LIC Board, (y) a vote or written action in favor of a termination for Cause by at least a majority of all the members of the LIC Board, and (z) written notification to Executive of a termination for Cause.

(v) Except as specified in this Section 9.B., QVC will have no further liability or obligation to Executive following a termination of Executive's employment for Cause prior to expiration of the Term.

C. Termination by Executive For Good Reason or by QVC Without Cause.

(i) Upon termination of Executive's employment by QVC prior to the expiration of the Term other than for death, Disability or Cause, or upon the termination of Executive's employment by Executive prior to the expiration of the Term for Good Reason (collectively, a "Protected Termination"), QVC shall pay Executive (a) the Base Compensation Continuing Payments; (b) a lump sum payment of One Million Five Hundred Thousand Dollars ($1,500,000) (the "Severance Payment"); (c) any declared but unpaid Bonus for the calendar year prior to the year in which the termination occurs and (d) the Standard Entitlements.

(ii) Upon a Protected Termination that occurs on or after the Vesting Start Date but prior to the expiration of the Term, a pro rata portion of each tranche of the Multiyear Options that is not vested on the date of such termination will vest as of the date of such termination, such pro rata portion to be equal to a fraction, the numerator of which is the number of days Executive was employed by QVC and its affiliates from the Vesting Start Date through the date of the Protected Termination plus 365, and the denominator of which is the number of days in the entire vesting period for such tranche of Multiyear Options (it being acknowledged that the vesting period for each tranche begins on the Vesting Start Date), in no event to exceed the total number of unvested Multiyear Options as of the date of a Protected Termination.

(iii) Upon a Protected Termination that occurs on or after the Vesting Start Date but prior to the expiration of the Term, the exercisability of any vested Multiyear Options, including any that vest because of a Protected Termination, will be extended to the earlier of (a) the original expiration date of the option (determined without reference to any provision in the applicable award agreement that reduces the exercisability of such option upon Executive's termination of employment, but otherwise in accordance with the terms and conditions applicable to such option), or (b) the date that is two years from the date of the Protected

Termination, or, if Executive dies prior to the expiration of such two-year period, the close of business of the first business day following the later of the expiration of (x) such two-year period or (y) the one-year period which began on the date of Executive's death (but in no event will be exercisable after the stated term of such option or similar right).

(iv) Upon a Protected Termination during the Term, any Performance RSUs that are issued and outstanding but unvested as of the date of termination will remain outstanding until the date as of which the Compensation Committee determines whether the performance criteria applicable to such Performance RSUs were met (such date, the "Committee Certification Date"). To the extent the Compensation Committee determines that Executive's issued and outstanding but unvested Performance RSUs would have vested if Executive had remained an employee for the entire performance period applicable to such Equity Awards (the number of Performance RSUs that the Compensation Committee determines would have vested, the "Qualifying Performance RSUs"), Executive will vest as of the Committee Certification Date in a pro rata portion of such Qualifying Performance RSUs based on the number of days Executive was employed during the performance period for such Qualifying Performance RSUs.

(v) Except as specified in this Section 9.C., QVC will have no further liability or obligation to Executive following a termination of Executive's employment prior to expiration of the Term by Executive for Good Reason or by QVC without Cause.

(vi) Payment of the benefits described above will be subject to the timing requirements set forth in Section 20.

D. Voluntary Termination.

(i) Upon a voluntary termination by Executive of his employment prior to expiration of the Term (other than a termination for Good Reason), QVC shall pay Executive (a) the Standard Entitlements; and (b) any declared but unpaid Bonus for the calendar year prior to the year in which the termination occurs.

(ii) Upon a voluntary termination by Executive of his employment prior to expiration of the Term (other than a termination for Good Reason) (a) Executive will forfeit all rights to any Multiyear Options then held by Executive that have not become vested as of the date of termination of Executive's employment; and (b) any Multiyear Options that are outstanding and vested, but unexercised, as of the date of termination of Executive's employment will be exercisable for a period of up to 90 days after the date of termination (but in no event will be exercisable after the stated term of such option or similar right).

(iii) Upon a voluntary termination by Executive of his employment prior to expiration of the Term (other than a termination for Good Reason), Executive will forfeit all rights to any Performance RSUs then held by Executive that have not become vested as of the date of termination of Executive's employment.

(iv) Except as specified in this Section 9.D., QVC will have no further liability or obligation to Executive following a voluntary termination by Executive of his employment prior to expiration of the Term (other than a termination for Good Reason).

E. Termination At or Following Expiration of the Term.

(i) Upon a termination of Executive's employment by Executive or QVC at or following expiration of the Term for any reason, including termination by QVC with or without Cause, voluntary termination by Executive with or without Good Reason, and termination by reason of death or Disability, QVC shall pay Executive (a) the Standard Entitlements; and (b) except in the case of termination by QVC for Cause, any declared but unpaid Bonus for the calendar year prior to the year in which the termination occurs. In addition, except in the case of termination by QVC for Cause, if Executive's employment ends on the last day of the Term, Executive will also be eligible to receive the Bonus he would have received for calendar year 2020 if he had remained employed by QVC as of the date of determination of the 2020 bonuses payable to QVC employees, determined as described in Section 3.B. in the sole discretion of the decision maker. For clarity, in no event will the termination of Executive's employment by QVC or by Executive at the end of the Term or thereafter constitute a termination without Cause by QVC or by Executive for Good Reason, nor will any termination of Executive's employment at or following expiration of the Term as a result of Executive's death or Disability be governed by Section 9.A.

(ii) Upon a termination of Executive's employment by Executive or QVC at or following expiration of the Term (including termination by reason of death or Disability, termination by QVC with or without Cause, and voluntary termination by Executive with or without Good Reason), any Multiyear Options then held by Executive that are outstanding and vested, but unexercised, will be exercisable throughout the remainder of the full original term of such Equity Award (determined without reference to any provision in the applicable award agreement that reduces the exercisability of, or limits the vesting of, such Equity Award upon Executive's termination of employment, but otherwise in accordance with the terms and conditions applicable to such Equity Award).

(iii) Upon a termination of Executive's employment by Executive or QVC at or following expiration of the Term for any reason other than a termination following expiration of the Term by reason of death or Disability or within six months following a Change of Control of QVC (as defined in Section 9.G(iv)), any Performance RSUs that are issued and outstanding but unvested as of the date of termination will remain outstanding until the Committee Certification Date and will vest on the Committee Certification Date to the extent that the Compensation Committee determines that the performance criteria applicable to such Equity Awards were met. Upon a termination of Executive's employment by Executive or QVC following expiration of the Term by reason of death or Disability or within six months following a Change of Control of QVC, any Performance RSUs that are issued and outstanding but unvested as of the date of such termination will immediately vest in full.

(iv) Except as specified in this Section 9.E., QVC will have no further liability or obligation to Executive (or his legal representative as the case may be) following a termination of Executive's employment by Executive or QVC at or following expiration of the Term for any reason, including termination by QVC with or without Cause, voluntary termination by Executive with or without Good Reason, and termination by reason of death or Disability.

F. Waiver of Payments. Executive acknowledges and agrees that the amounts, if any, which may be payable under this Section 9 are in lieu of and not in addition to any severance payments which may be generally available to employees of QVC and Executive hereby waives any right Executive may have in or to any severance payments not contained in this Section 9.

G. Protected Termination Following a Change of Control of QVC.

(i) If within six months following a Change of Control of QVC (as defined in clause (iv) below) that occurs on or after the Vesting Start Date and prior to the expiration of the Term: (a) Executive's employment is terminated by QVC without Cause, or (b) Executive gives notice pursuant to Section 8.A. that he is terminating his employment for Good Reason and Executive's employment subsequently terminates based on such notice following expiration of QVC's cure period, then Executive shall be entitled to the payments specified in Section 9.C.(i) and Executive's Equity Awards shall be impacted as described in Section 9.G.(ii).

(ii) If Section 9.G.(i) is applicable, the Multiyear Options (a) will immediately vest and become exercisable to the extent not already vested as of the date of such Protected Termination, and (b) will be exercisable throughout the remainder of the full original term of such Equity Award (determined without reference to any provision in the applicable award agreement that reduces the exercisability of such Equity Award upon Executive's termination of employment, but otherwise in accordance with the terms and conditions applicable to such Equity Award).

(iii) If Section 9.G.(i) is applicable, any issued and outstanding but unvested Performance RSUs will immediately vest to the extent not already vested as of the date of such Protected Termination.

(iv) For purposes of this Agreement, a "Change of Control of QVC" means (a) any merger, consolidation, business combination, share exchange, or other transaction, not constituting a Reorganization Event (as defined below), which results in any person (or group as defined in Rule 13d-3), other than Liberty Interactive or any person or entity controlling, controlled by, or under common control with, Liberty Interactive, acquiring a majority of the combined voting power of the outstanding capital stock of QVC ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors, or (b) any sale, lease, exchange or other transfer, not constituting a Reorganization Event (in one transaction or a series of related transactions) of all, or substantially all, of the assets of QVC and its Subsidiaries, taken as a whole. In no event will any Reorganization Event constitute a Change of Control of QVC. A "Reorganization Event" means (1) any direct or indirect spin-off or split-off of QVC or any person or entity holding no less than a majority of the outstanding voting power and equity of QVC, or a majority of the assets of QVC and its Subsidiaries taken as a whole, from Liberty Interactive or its ultimate parent at such time, however effected (including, for example, by a redemption, pro rata distribution or an exchange offer), or (2) any transfer of all or substantially all of the assets of QVC and its Subsidiaries taken as a whole to Liberty Interactive or any person or entity controlling, controlled by, or under common control with, Liberty Interactive.

(v) Except as specified in this Section 9.G., QVC will have no further liability or obligation to Executive following a Protected Termination that occurs within six months following a Change of Control of QVC.

H. General Release. If Executive's employment hereunder is terminated pursuant to Section 9.A., Section 9.C., Section 9.E or Section 9.G., the payment by QVC to Executive of any Base Compensation Continuing Payments or Severance Payment under the applicable Section, as well as any acceleration of vesting or extension of exercise period described in the applicable Section shall be subject to the execution and delivery to QVC by Executive (or by Executive's legal representative, if applicable), within the applicable time period described below, of a severance agreement and general release (the "Release") in a form that is reasonably satisfactory to QVC and consistent with the form of severance agreement and general release then used by QVC for senior executives. The form of Release shall be delivered to Executive on the date of termination in the case of a termination of Executive's employment by QVC, or as soon as reasonably practicable following the date of termination in the case of a termination of employment by Executive or for death or Disability. Executive shall have a period of 21 days (or, if required by applicable law, a period of 45 days) from Executive's (or Executive's legal representative, if applicable) receipt of the form of Release (the "Consideration Period") in which to execute and return the original, signed Release to QVC. If Executive delivers the original, signed Release to QVC prior to the expiration of the Consideration Period and does not thereafter revoke such Release within any period of time provided for such revocation under applicable law, Executive shall, subject to Section 9.I., be entitled to any Base Compensation Continuing Payments and Severance Payments specified in Section 9.A., Section 9.C. or Section 9.G., as applicable and to any acceleration of vesting or extension of exercise periods of Equity Awards specified in such Sections or in Section 9.E., payable in accordance with the timing requirements set forth in Section 20. In such event, an amount equal to one-twelfth of the aggregate Base Compensation Continuing Payments (or, in the case of a termination pursuant to Section 9.E., the continued exercisability of Equity Awards provided for in Section 9.E.(ii)) shall constitute consideration for Executive's delivery of the Release pursuant to this Section 9.H. (the "Release Consideration").

I. Continued Compliance. Executive and QVC hereby acknowledge that any Base Compensation Continuing Payments or Severance Payments to be made by QVC pursuant to Section 9.A., Section 9.C. or Section 9.G., as applicable, other than the Release Consideration, are part of the consideration for Executive's undertakings under Section 5.A.(v). Payment of such amounts by QVC is subject to Executive's continued compliance with the provisions of Section 5.A.(v). If Executive violates any provision of Section 5.A.(v), then QVC will have no obligation to pay Executive any Base Compensation Continuing Payments or Severance Payments pursuant to Section 9.A., 9.C. or 9.G. to the extent any or all of the same remain payable by QVC on or after the date of such violation, except to the extent of any unpaid Release Consideration. In addition, to the extent that a Severance Payment was previously made to Executive, Executive will return a pro rata portion of such Severance Payment to QVC based on the percentage of the time period applicable to the Section 5.A.(v) restriction that was breached that elapsed prior to Executive breaching such restriction (e.g., if the restriction that was breached was to continue for one year following Executive's termination and six months of such restrictive time period remained at the time Executive breached such restriction, Executive would return 50% of the Severance Payment to QVC).

10. Severability and Survival.

A. Should any portion of this Agreement be held to be void, invalid or unenforceable, such decision shall not affect the validity or enforceability of the remainder of the Agreement, and the remaining provisions herein shall be effective as though such invalid or unenforceable provision had not been included herein. If such invalidity or unenforceability is caused by the length of any period of time, the geographic scope of any provision, or the breadth of activities covered by any provision, then the period of time, geographic scope or breadth of activities, or all of them, shall be reduced to the extent necessary to cure such invalidity or unenforceability. Section 5.A.(v) shall be construed and enforced to the maximum extent permitted by law.

B. The provisions of Sections 5.A.(iii), 5.A.(v), 5.B., 7, 9, 15, 18 and 20 shall survive the expiration or termination of this Agreement.

11. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient, if in writing and if delivered by hand or sent by overnight courier service or by registered, overnight or certified mail, if to Executive, to Executive's last known address listed in the records of QVC, and if to QVC, to the General Counsel, with a copy to the Chief Financial Officer at QVC's principal office. Notices shall be effective upon receipt.

12. Assignment. This Agreement is personal in its nature and neither of the parties hereto will, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that in the event of a merger, consolidation, corporate restructuring or transfer or sale of all or substantially all of the assets of QVC to any other individual(s) or entity, this Agreement will, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties, and obligations of QVC hereunder, and promptly after a request by Executive, such transferee or successor shall be required to assume such obligations by contract (unless such assumption occurs by operation of law). No rights or obligations of Executive under this Agreement may be assigned or transferred by Executive, without QVC's prior written consent, other than his rights to compensation and benefits, which may be transferred only by will or operation of law; provided, however, that to the extent Executive is permitted to do so under any applicable plan, policy, program, agreement, or other arrangement with QVC or any of its affiliates, Executive shall be entitled to select and change a beneficiary or beneficiaries designated by Executive to receive any compensation, entitlement or benefit payable thereunder following Executive's death by his giving QVC written notice thereof.

13. Waiver. Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor will any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver will be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

14. Headings/Section References. The paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or give full notice thereof. Unless otherwise specified, all Section references in this Agreement are to the applicable Section of this Agreement.

15. Applicable Law. This Agreement shall be interpreted and construed under the internal laws of the Commonwealth of Pennsylvania exclusive of choice of laws principles and Executive and QVC hereby consent to the exclusive jurisdiction of the state courts of the Commonwealth of Pennsylvania, Chester County and the United States Federal Courts for the Eastern District of Pennsylvania in all matters arising hereunder. By execution and delivery of this Agreement, each of the parties irrevocably waives any objection, including any objection to the laying of venue or based on the grounds of forum non conveniens or lack of personal jurisdiction, which it may now or hereafter have to the bringing of any action or proceeding in such courts in respect of this Agreement or the matters contemplated hereby.

16. Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior written agreements and prior or contemporaneous oral agreements with respect to the subject matter hereof; provided, however, that the provisions of the Employment Agreement dated as of May 3, 2011 between QVC and Executive, as amended, that have obligations that have not been fully performed or that by their nature would be intended to survive the expiration of such agreement shall remain in full force and effect and shall not be superseded by this Agreement. This Agreement shall not be changed or altered, except by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought. In the event of any inconsistency between the terms of this Agreement and the terms of any other QVC plan, policy, arrangement or agreement with Executive, the provisions of this Agreement will govern.

17. No Restrictions on Employment; Contingency.

A. Representations and Warranties. To induce QVC to enter into this Agreement, Executive represents, warrants and covenants to QVC as follows:

(1) Executive has the full and complete ability and authority to enter into this Agreement and render services pursuant hereto and Executive is not subject to any legal, contractual or other restriction on Executive's employment which would impair or otherwise restrict Executive's ability to perform the services to QVC hereunder; and

(2) Executive has not disclosed to QVC any confidential information or trade secrets of any third party, nor will Executive disclose to QVC any confidential information or trade secrets of a third party where such disclosure would violate the terms of any agreement or otherwise breach any duty Executive may have to any such third party.

B. Indemnity. Executive shall indemnify, defend and hold harmless QVC, its successors and assigns, upon demand, from and against any loss, liability, damage or expense (including reasonable attorneys' fees) which QVC may sustain or incur by reason of the breach of his representations, warranties or covenants in Section 17.A.

18. Indemnification of Executive.

A. During the Term and thereafter, QVC agrees to indemnify and hold Executive and his heirs and representatives harmless, to the fullest extent permitted under QVC's Certificate of Incorporation and bylaws or, if greater, under applicable law, against any and all damages, costs, liabilities, losses and expenses (including reasonable attorneys' fees) as a result of any claim or proceeding, or threatened claim or proceeding, against Executive that arises out of or relates to his service as an officer, director or employee, as the case may be, of QVC, or his service in any such capacity or similar capacity with an affiliate of QVC or other entity at the request of QVC, both prior to and after the Effective Date, and to advance to Executive or his heirs or representatives such expenses upon written request. In the event QVC advances any expenses to Executive pursuant to this Section 18 and it is subsequently determined by a court of competent jurisdiction that Executive is not entitled to indemnification by QVC, Executive shall promptly refund all amounts advanced to Executive by QVC.

B. To the extent QVC maintains a policy of directors' and officers' liability insurance during the Term, then QVC shall provide Executive with coverage under such policy on a basis no less favorable than that applying to any other then current or former director or officer.

19. QVC's Representations. QVC represents and warrants that (i) the execution, delivery and performance of this Agreement by QVC has been fully and validly authorized by all necessary corporate action, (ii) the officer signing this Agreement on behalf of QVC is duly authorized to do so, (iii) the execution, delivery and performance of this Agreement does not violate any applicable law, regulation, order, judgment or decree or any agreement, plan or corporate governance document to which QVC is a party or by which it is bound and (iv) upon execution and delivery of this Agreement by the parties hereto, it will be a valid and binding obligation of QVC enforceable against it in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

20. Compliance with 409A.

A. The provisions of this Agreement are intended to meet the requirements of Section 409A of the Internal Revenue Code, any Treasury regulations promulgated thereunder and any guidance issued by the Internal Revenue Service relating thereto (collectively, "Section 409A"), and will be interpreted in a manner that is consistent with such intent. The parties intend that, to the maximum extent possible, any amounts paid as Base Compensation Continuing Payments or Severance Payments or otherwise shall qualify as a short-term deferral pursuant to Section 409A or as separation pay exempt from Section 409A. To the extent that any payment provided under this Agreement is not exempt from Section 409A then, to the extent required by Section 409A, the following will apply: Any payment that is triggered upon Executive's termination of employment will be conditioned upon the triggering termination constituting a Separation from Service, as defined below.

B. With respect to any amount that becomes payable to Executive upon his Separation from Service, as defined below, for any reason, if QVC determines in good faith that

Executive is a "specified employee" within the meaning of Section 409A then, to the extent required under Section 409A, payment of any amount that becomes payable to Executive upon his Separation from Service (other than by reason of his death) and that otherwise would be payable during the six-month period following such Separation from Service will be suspended until the lapse of such six-month period (or, if earlier, the date of Executive's death). Any payment suspended under this provision, unadjusted for interest on such suspended payment, will be paid to Executive in a single payment on the first business day following the end of such six-month period or, if earlier, within 30 days following Executive's death, provided that such death during such six-month period will not cause the acceleration of any amount that otherwise would be payable on any date during such six-month period following the date of such death.

C. A "Separation from Service" means Executive's separation from service, as defined in Section 409A, with QVC and all other entities with which QVC would be considered a single employer under Internal Revenue Code Section 414(b) or (c), applying the 80% threshold used in such Internal Revenue Code Sections or any Treasury regulations promulgated thereunder.

D. Any payment that is contingent upon the execution and nonrevocation of the Release required under Section 9.H, which is not suspended by the application of the provisions applicable to specified employees, as described above, will be paid or commence to be paid on the 60th day following Executive's Separation from Service, notwithstanding any earlier expiration of the Consideration Period.

E. Unless otherwise permitted under Section 409A, all in-kind benefits, expenses or other reimbursements paid pursuant to this Agreement that are taxable income to Executive (i) will be paid no later than the end of the calendar year next following the calendar year in which Executive incurs such expense; (ii) will not be subject to liquidation or exchange for another benefit; and (iii) the amount of expenses eligible for reimbursements or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year.

21. Counterparts. This Agreement may be executed and delivered in separate counterparts (including by facsimile, "PDF" scanned image or other electronic means), each of which is deemed to be an original and all of which taken together constitute one and the same agreement. This Agreement will become effective only when counterparts have been executed and delivered by all parties whose names are set forth on the signature page(s) hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement the day and year first above written.

QVC, INC.

By: /s/ Larry Hayes
Name: Lawrence R. Hayes
Title: Sr. Vice President

EXECUTIVE:

/s/ Michael George
MICHAEL GEORGE

Exhibit 10.27

November 11, 2015

Mr. Gregory B. Maffei
Liberty Media Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112

Re: Personal Use of Company Aircraft

Dear Greg:

This letter (this "Agreement") sets forth our agreement with respect to your personal use of aircraft (the "Aircraft") owned or leased by Liberty Media Corporation ("LMC") pursuant to the Aircraft Time Sharing Agreements, dated as of the date of this Agreement between LMC or one or more of its affiliates and you (the "Time Sharing Agreements"). This Agreement is in addition to and supplements our prior letter concerning the Aircraft, dated February 5, 2013 (the "Prior Letter").

1. ***Use of the Aircraft.*** During the Term (as defined below), you may use up to 30 hours per year of flight time for personal use (the "TSA Allotment") if you reimburse LMC for such usage pursuant to the Time Sharing Agreements. You may schedul e flights with LMC's flight department pursuant to the TSA Allotment subject to availability of the Aircraft. LMC will not have any obligation to pay you for any unused TSA Allotment, and LMC will have no obligation to continue to own or lease any Aircraft.

2. ***IRS Reporting.*** Pursuant to IRS regulations based on the Standard Industry Fare Level formula (SIFL), the fair market value of flights pursuant to the TSA Allotment minus amounts paid by you under the Time Sharing Agreements, will be reflected as income on your Form W-2.

3. ***Term.*** The term of this Agreement (the "Term") will be deemed to have commenced on November 11, 2015, and will expire on the earliest of (i) the date that you cease to be employed by LMC, and (ii) the date that LMC ceases to own or lease any Aircraft.

4. ***Governing Law.*** This Agreement will be governed by, and will be construed and enforced in accordance with, the laws of the State of Colorado without regard to the conflicts of laws principles of that jurisdiction.

5. ***Entire Agreement.*** This Agreement, the Liberty Media Corporation Executive Employment Agreement, dated effective as of December 29, 2014, the Prior Letter and the Time Sharing Agreements constitute the entire agreement and understanding between the parties with respect to the subject matter hereof and supersede any and all previous

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written or oral representations, promises, agreements or understandings of whatever nature between the parties with respect to the subject matter. This Agreement may not be altered or amended except by an agreement in writing signed by both parties. This Agreement may be signed in counterparts.

If you are in agreement with the foregoing, please execute the enclosed copy of this letter.

Very truly yours,

Liberty Media Corporation

By: /s/ Richard N. Baer

Date: November 11, 2015

Richard N. Baer
Senior Vice President

Agreed:

/s/ Gregory B. Maffei
Gregory B. Maffei

Date: November 11, 2015

Exhibit 10.48

NONQUALIFIED STOCK OPTION AGREEMENT

THIS NONQUALIFIED STOCK OPTION AGREEMENT (this "Agreement") is made as of the date set forth on Schedule I hereto (the "Grant Date"), by and between the issuer identified in Schedule I hereto (the "Company"), and the recipient (the "Grantee") of an Award of Options granted by the Plan Administrator (as defined in Schedule I hereto) as set forth in this Agreement.

The Company has adopted the incentive plan identified on Schedule I hereto (as has been or may hereafter be amended, the "Plan"), a copy of which is attached via a link at the end of this online Agreement as Exhibit A and by this reference made a part hereof, for the benefit of eligible persons as specified in the Plan. Capitalized terms used and not otherwise defined in this Agreement will have the meanings ascribed to them in the Plan.

Pursuant to the Plan, the Plan Administrator has determined that it would be in the interest of the Company and its stockholders to award Options to the Grantee, subject to the conditions and restrictions set forth herein and in the Plan, in order to provide the Grantee with additional remuneration for services rendered, to encourage the Grantee to remain in the service or employ of the Company or its Subsidiaries and to increase the Grantee's personal interest in the continued success and progress of the Company.

The Company and the Grantee therefore agree as follows:

1. Definitions. The following terms, when used in this Agreement, have the following meanings:

"Base Price" means , with respect to each type of Common Stock for which Options are granted hereunder, the amount set forth on Schedule I hereto as the Base Price for such Common Stock, which is the Fair Market Value of a share of such Common Stock on the Grant Date.

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

"Cause" has the meaning specified as "cause" in Section 10.2(b) of the Plan.

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

"Common Stock" has the meaning specified in Schedule I hereto.

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

"Grant Date" has the meaning specified in the preamble to this Agreement.

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

"Options" has the meaning specified in Section 2.

"Option Share" has the meaning specified in Section 4(c)(i).

"Option Termination Date" has the meaning specified in Schedule I hereto.

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

"Plan Administrator" has the meaning specified in Schedule I hereto.

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

"Section 409(A)" has the meaning specified in Section 21.

"Term" has the meaning specified in Section 2.

"Unvested Fractional Option" has the meaning specified in Section 3(b).

"Vesting Date" has the meaning specified in Section 3(a).

"Vesting Percentage" has the meaning specified in Section 3(a).

2. **Award**. Pursuant to the terms of the Plan and in consideration of the covenants and promises of the Grantee herein contained, the Company hereby awards to the Grantee as of the Grant Date nonqualified stock options to purchase from the Company at the applicable Base Price the number and type of shares of Common Stock authorized by the Plan Administrator and set forth in the notice of online grant delivered to the Grantee pursuant to the Company's online grant and administration program, subject to the conditions and restrictions set forth in this Agreement and in the Plan (the "Options"). The Options are exercisable as set forth in Section 3 during the period commencing on the Grant Date and expiring at the Close of Business on the Option Termination Date (the "Term"), subject to earlier termination as provided in Section 7 below. However, if the Term expires when trading in the Common Stock is prohibited by law or the Company's insider trading policy, then the Term shall expire on the 30th day after the expiration of such prohibition. No fractional shares of Common Stock will be issuable upon exercise of an Option, and the Grantee will receive, in lieu of any fractional share of such Common Stock that the Grantee otherwise would receive upon such exercise, cash equal to the fraction representing such fractional share multiplied by the Fair Market Value of one share of such Common Stock as of the date on which such exercise is considered to occur pursuant to Section 4.

3. **Conditions of Exercise**. Unless otherwise determined by the Plan Administrator in its sole discretion, the Options will be exercisable only in accordance with the conditions stated in this Section 3.

(a) Except as otherwise provided in Section 10.1(b) of the Plan, the Options may be exercised only to the extent they have become exercisable in accordance with the provisions of this Section 3(a) or Section 3(b), and subject to the provisions of Section 3(c). That number of each type of Options that is equal to the fraction or percentage specified on Schedule I hereto (the "Vesting Percentage") of the total number of such type of Options that are subject to this Agreement, in each case rounded down to the nearest whole number of such type of Options, shall become

exercisable on each of the dates specified on Schedule I hereto (each such date, together with any other date on which Options vest pursuant to this Agreement, a "Vesting Date").

(b) If rounding pursuant to Section 3(a) prevents any portion of an Option from becoming exercisable on a particular Vesting Date (any such portion, an "Unvested Fractional Option"), one additional Option to purchase a share of the type of Common Stock covered by such Option will become exercisable on the earliest succeeding Vesting Date on which the cumulative fractional amount of all Unvested Fractional Options to purchase shares of such type of Common Stock (including any Unvested Fractional Option created on such succeeding Vesting Date) equals or exceeds one whole Option, with any excess treated as an Unvested Fractional Option thereafter subject to the application of this Section 3(b). Any Unvested Fractional Option comprising part of a whole Option that vests pursuant to the preceding sentence will thereafter cease to be an Unvested Fractional Option.

(c) Notwithstanding the foregoing, (i) in the event that any date on which Options would otherwise become exercisable is not a Business Day, such Options will become exercisable on the first Business Day following such date, (ii) all Options will become exercisable on the date of the Grantee's termination of employment or, if the Grantee is a non-employee director of the Company, on the date of the Grantee's termination of service as such if (A) the Grantee's employment with the Company or a Subsidiary or service as a non-employee director, as applicable terminates by reason of Disability or (B) the Grantee dies while employed by the Company or a Subsidiary or while serving as a non-employee director of the Company, as applicable, and (iii) if the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause, any unvested Options will become exercisable to the extent, if any, indicated on Schedule I.

(d) To the extent the Options become exercisable, such Options may be exercised in whole or in part (at any time or from time to time, except as otherwise provided herein) until expiration of the Term or earlier termination thereof.

(e) The Grantee acknowledges and agrees that the Plan Administrator, in its discretion and as contemplated by Section 3.3 of the Plan, may adopt rules and regulations from time to time after the date hereof with respect to the exercise of the Options and that the exercise by the Grantee of Options will be subject to the further condition that such exercise is made in accordance with all such rules and regulations as the Plan Administrator may determine are applicable thereto.

4. **Manner of Exercise**. Options will be considered exercised (as to the number of Options specified in the notice referred to in Section 4(c)(i)) on the latest of (a) the date of exercise designated in the written notice referred to in Section 4(c)(i), (b) if the date so designated is not a Business Day, the first Business Day following such date or (c) the earliest Business Day by which the Company has received all of the following:

(i) Written notice, in such form as the Plan Administrator may require, containing such representations and warranties as the Plan Administrator may require and designating, among other things, the date of exercise and the number and type of shares of Common Stock to be purchased by exercise of Options (each, an "Option Share");

(ii) Payment of the applicable Base Price for each Option Share in any (or a combination) of the following forms: (A) cash, (B) check, (C) the delivery, together with a properly executed exercise notice, of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay such Base Price (and, if applicable, the Required Withholding Amount as described in Section 5) or (D) at the option of the Company, the delivery of irrevocable instructions via the Company's online grant and administration program for the Company to withhold the number of shares of Common Stock (valued at the Fair Market Value of such Common Stock on the date of exercise) required to pay such Base Price (and, if applicable, the Required Withholding Amount as described in Section 5) that would otherwise be delivered by the Company to the Grantee upon exercise of the Options; and

(iii) Any other documentation that the Plan Administrator may reasonably require.

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

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

Company for the benefit of the Grantee, if applicable, and any cash payment will be deemed effected when a check from the Company, payable to the Grantee and in the amount equal to the amount of the cash payment, has been delivered personally to the Grantee or deposited in the United States mail, addressed to the Grantee.

7. Early Termination of Options. Subject to any longer period of exercisability specified in Schedule I hereto, the Options will terminate, prior to the expiration of the Term, at the time specified below:

(a) Subject to Section 7(b), if the Grantee's employment with the Company or a Subsidiary is terminated or, if the Grantee is a non-employee director of the Company, if the Grantee's service to the Company as such is terminated, in each case other than (i) by the Company or such Subsidiary for Cause, or (ii) by reason of death or Disability, then the Options will terminate at the Close of Business on the first Business Day following the expiration of the 90-day period that began on the date of termination of the Grantee's employment, or, in the case of a non-employee director of the Company, at the Close of Business on the first Business Day following the expiration of the one-year period that began on the date of termination of the Grantee's service as a non-employee director of the Company.

(b) If the Grantee dies while employed by the Company or a Subsidiary or while serving as a non-employee director of the Company, as applicable, or prior to the expiration of a period of time following termination of the Grantee's employment or service during which the Options remain exercisable as provided in Section 7(a) or Section 7(c), as applicable, the Options will terminate at the Close of Business on the first Business Day following the expiration of the one-year period that began on the date of the Grantee's death .

(c) Subject to Section 7(b), if the Grantee's employment with the Company or a Subsidiary terminates by reason of Disability, or, if the Grantee is a non-employee director of the Company, if the Grantee's service to the Company as such is terminated by reason of Disability, then the Options will terminate at the Close of Business on the first Business Day following the expiration of the one-year period that began on the date of termination of the Grantee's employment or service.

(d) If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary for Cause, or, if the Grantee is a non-employee director of the Company, if the Grantee's service to the Company as such is terminated by the Company for Cause, then the Options will terminate immediately upon such termination of the Grantee's employment or service.

In any event in which Options remain exercisable for a period of time following the date of termination of the Grantee's employment or service as provided above or on Schedule I, the Options may be exercised during such period of time only to the extent the same were exercisable as provided in Section 3 effective as of such date of termination of the Grantee's employment or service. Notwithstanding any period of time referenced in this Section 7 or any

other provision of this Section 7 that may be construed to the contrary, the Options will in any event terminate upon the expiration of the Term.

Unless the Plan Administrator otherwise determines, a change of the Grantee's employment from the Company to a Subsidiary or from a Subsidiary to the Company or another Subsidiary will not be considered a termination of the Grantee's employment for purposes of this Agreement if such change of employment is made at the request or with the express consent of the Company. Unless the Plan Administrator otherwise determines, however, any such change of employment that is not made at the request or with the express consent of the Company will be a termination of the Grantee's employment within the meaning of this Agreement.

8. Nontransferability. Options are not transferable (either voluntarily or involuntarily), before or after Grantee's death, except as follows: (a) during Grantee's lifetime, pursuant to a domestic relations order, issued by a court of competent jurisdiction, that is not contrary to the terms and conditions of the Plan or this Agreement, and in a form acceptable to the Plan Administrator; or (b) after Grantee's death, by will or pursuant to the applicable laws of descent and distribution, as may be the case. Any person to whom Options are transferred in accordance with the provisions of the preceding sentence shall take such Options subject to all of the terms and conditions of the Plan and this Agreement, including that the vesting and termination provisions of this Agreement will continue to be applied with respect to the Grantee. Options are exercisable only by the Grantee (or, during the Grantee's lifetime, by the Grantee's court appointed legal representative) or a person to whom the Options have been transferred in accordance with this Section.

9. No Stockholder Rights. Prior to the exercise of Options in accordance with the terms and conditions set forth in this Agreement, the Grantee will not be deemed for any purpose to be, or to have any of the rights of, a stockholder of the Company with respect to any shares of Common Stock represented by the Options, nor will the existence of this Agreement affect in any way the right or power of the Company or its stockholders to accomplish any corporate act, including, without limitation, the acts referred to in Section 10.15 or Section 10.16, as applicable, of the Plan.

10. Adjustments.

(a) The Options will be subject to adjustment (including, without limitation, as to the Base Price) in such manner as the Plan Administrator, in its sole discretion, deems equitable and appropriate in connection with the occurrence of any of the events described in Section 4.2 of the Plan following the Grant Date.

(b) In the event of any Approved Transaction, Board Change or Control Purchase following the Grant Date, the Options may become exercisable in accordance with Section 10.1(b) of the Plan.

11. Restrictions Imposed by Law. Without limiting the generality of Section 10.7 or Section 10.8, as applicable, of the Plan, the Grantee will not exercise the Options, and the Company will not be obligated to make any cash payment or issue or cause to be issued any shares of Common Stock, if counsel to the Company determines that such exercise, payment or issuance

would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which shares of Common Stock are listed or quoted. The Company will in no event be obligated to take any affirmative action in order to cause the exercise of the Options or the resulting payment of cash or issuance of shares of Common Stock to comply with any such law, rule, regulation or agreement.

12. Notice. Unless the Company notifies the Grantee in writing of a different procedure or address, any notice or other communication to the Company with respect to this Agreement will be in writing and will be delivered personally or sent by first class mail, postage prepaid, to the address specified for the Company in Schedule I hereto. Unless the Company elects to notify the Grantee electronically pursuant to the online grant and administration program or via email, any notice or other communication to the Grantee with respect to this Agreement will be in writing and will be delivered personally, or will be sent by first class mail, postage prepaid, to the Grantee's address as listed in the records of the Company or any Subsidiary of the Company on the Grant Date, unless the Company has received written notification from the Grantee of a change of address.

13. Amendment. Notwithstanding any other provision hereof, this Agreement may be supplemented or amended from time to time as approved by the Plan Administrator as contemplated by Section 10.6(b) or Section 10.7(b), as applicable, of the Plan. Without limiting the generality of the foregoing, without the consent of the Grantee:

(a) this Agreement may be amended or supplemented from time to time as approved by the Plan Administrator (i) to cure any ambiguity or to correct or supplement any provision herein that may be defective or inconsistent with any other provision herein, (ii) to add to the covenants and agreements of the Company for the benefit of the Grantee or surrender any right or power reserved to or conferred upon the Company in this Agreement, subject to any required approval of the Company's stockholders, and provided, in each case, that such changes or corrections will not adversely affect the rights of the Grantee with respect to the Award evidenced hereby or (iii) to make such other changes as the Company, upon advice of counsel, determines are necessary or advisable because of the adoption or promulgation of, or change in the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities laws; and

(b) subject to any required action by the Board of Directors or the stockholders of the Company, the Options granted under this Agreement may be canceled by the Plan Administrator and a new Award made in substitution therefor, provided that the Award so substituted will satisfy all of the requirements of the Plan as of the date such new Award is made and no such action will adversely affect any Options to the extent then exercisable.

14. Grantee Employment or Status as a Director. Nothing contained in this Agreement, and no action of the Company or the Plan Administrator with respect hereto, will confer or be construed to confer on the Grantee any right to continue in the employ of the Company or any Subsidiary or as a non-employee director of the Company or interfere in any way with the

right of the Company or any employing Subsidiary (or the Company's stockholders in the case of a non-employee director) to terminate the Grantee's employment or service, as applicable, at any time, with or without Cause, subject to the provisions of any employment agreement between the Grantee and the Company or any Subsidiary.

15. Nonalienation of Benefits. Except as provided in Section 8, (a) no right or benefit under this Agreement will be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same will be void, and (b) no right or benefit hereunder will in any manner be subjected to or liable for the debts, contracts, liabilities or torts of the Grantee or other person entitled to such benefits.

16. Governing Law. This Agreement will be governed by, and construed in accordance with, the internal laws of the State of Colorado. Each party irrevocably submits to the general jurisdiction of the state and federal courts located in the State of Colorado in any action to interpret or enforce this Agreement and irrevocably waives any objection to jurisdiction that such party may have based on inconvenience of forum.

17. Construction. References in this Agreement to "this Agreement" and the words "herein," "hereof," "hereunder" and similar terms include all Exhibits and Schedules appended hereto, including the Plan. All references to "Sections" in this Agreement shall be to Sections of this Agreement unless explicitly stated otherwise. The word "include" and all variations thereof are used in an illustrative sense and not in a limiting sense. All decisions of the Plan Administrator upon questions regarding the Plan or this Agreement will be conclusive. Unless otherwise expressly stated herein, in the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan will control. The headings of the sections of this Agreement have been included for convenience of reference only, are not to be considered a part hereof and will in no way modify or restrict any of the terms or provisions hereof.

18. Rules by Plan Administrator. The rights of the Grantee and the obligations of the Company hereunder will be subject to such reasonable rules and regulations as the Plan Administrator may adopt from time to time.

19. Entire Agreement. This Agreement is in satisfaction of and in lieu of all prior discussions and agreements, oral or written, between the Company and the Grantee regarding the subject matter hereof. The Grantee and the Company hereby declare and represent that no promise or agreement not herein expressed has been made and that this Agreement contains the entire agreement between the parties hereto with respect to the Award and replaces and makes null and void any prior agreements between the Grantee and the Company regarding the Award. Subject to the restrictions set forth in Sections 8 and 15, this Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

20. Grantee Acknowledgment. The Grantee will signify acceptance of the terms and conditions of this Agreement by acknowledging the acceptance of this Agreement via the procedures described in the online grant and administration program utilized by the Company.

21. Code Section 409A Compliance. To the extent that Section 409A of the Code or the related regulations and Treasury pronouncements ("Section 409A") is applicable to the Grantee in connection with the Award, if any provision of this Agreement would result in the imposition of an excise tax under Section 409A, that provision will be reformed to avoid imposition of the excise tax and no action taken to comply with Section 409A shall be deemed to impair a benefit under this Agreement.

Schedule I
to Liberty Interactive Corporation
Nonqualified Stock Option Agreement
[NOA][NND][QOA][QOX]____________

Grant Date:	__________ __, 201_
Issuer/Company:	Liberty Interactive Corporation, a Delaware corporation
Plan:	Liberty Interactive Corporation ______________ Incentive Plan
Plan Administrator:	**[The Compensation Committee of the Board of Directors of the Company appointed by the Board of Directors of the Company pursuant to Section 3.1 of the Plan to administer the Plan] [The Board of Directors of the Company]**
Common Stock:	Series A QVC Group Common Stock ("QVCA Common Stock")**[; and/or Series A Liberty Ventures Common Stock ("LVNTA Common Stock"), as applicable.]**
Option Termination Date:	The **[7th][10th]** anniversary of the Grant Date.
Base Price:	The Base Price for QVCA Common Stock: $_________**[; and/or** **The Base Price for LVNTA Common Stock: $_________, as applicable.]**
Vesting Percentage:	________%
Vesting Dates:	_____________________________________
Additional Vesting Terms Upon Termination Without Cause:	**[INCLUDE ONLY IN STANDARD OPTION AGREEMENT FOR LIC EMPLOYEES WHO ARE NOT A VP OR SVP; DO NOT INCLUDE IN STANDARD OPTION AGREEMENT FOR QVC U.S. OR FOREIGN EMPLOYEES, STANDARD OPTION AGREEMENT FOR LIC NON-EMPLOYEE DIRECTORS OR IN MULTI-YEAR OPTION AGREEMENT OR IN STANDARD OPTION AGREEMENT FOR LIC EMPLOYEES WHO ARE A VP OR SVP.]**

If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause, any unvested Options that otherwise would become exercisable during the remainder of the calendar year in which the date of termination of the Grantee's employment with the Company or a Subsidiary (the "**Termination Date**") occurs, will become exercisable effective as of the Termination Date if the following two conditions (the "**Release Conditions**") are subsequently satisfied: (1) not later than 60 days following the Termination Date the Grantee has executed and delivered to the Company in accordance with the notice requirements of this Agreement, a general release agreement in a form satisfactory to the Company and (2) not later than 60 days following the Termination Date such release has become irrevocable in accordance with its terms. The Grantee acknowledges that while certain Options will retroactively vest effective as of the Termination Date if the Release Conditions are met, the Grantee will nonetheless not be able to exercise any such Options unless and until such conditions are met.

[INCLUDE ONLY IN STANDARD OPTION AGREEMENT FOR LIC EMPLOYEES WHO ARE A VP OR SVP; DO NOT INCLUDE IN STANDARD OPTION AGREEMENT FOR LIC NON-EMPLOYEE DIRECTORS OR IN MULTI-YEAR OPTION AGREEMENT OR IN STANDARD OPTION AGREEMENT FOR LIC EMPLOYEES WHO ARE NOT A VP OR SVP.]

If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause, any unvested Options that otherwise would become exercisable during the period that begins on the date of termination of the Grantee's employment with the Company or a Subsidiary (the "**Termination Date**"), and ends on the 12-month anniversary of the Termination Date, will become exercisable effective as of the Termination Date if the following two conditions (the "**Release Conditions**") are subsequently satisfied: (1) not later than 60 days following the Termination Date the Grantee has executed and delivered to the Company in accordance with the notice requirements of this Agreement, a general release agreement in a form satisfactory to the Company and (2) not later than 60 days following the Termination Date such release has become irrevocable in accordance with its terms. The Grantee acknowledges that while certain Options will retroactively vest effective as of the Termination Date if the Release Conditions are met, the Grantee will nonetheless not be able to exercise any such Options unless and until such conditions are met.

[INCLUDE ONLY IN MULTI-YEAR OPTION AGREEMENT FOR LIC EMPLOYEES.]

If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause prior to _________ **[Insert final Vesting Date]**, certain Options will become exercisable effective as of the date of termination of the Grantee's employment with the Company or a Subsidiary (the "**Termination Date**") if the following two conditions (the "**Release Conditions**") are subsequently satisfied: (1) not later than 60 days following the Termination Date the Grantee has executed and delivered to the Company in accordance with the notice requirements of this Agreement, a general release agreement in a form satisfactory to the Company, and (2) not later than 60 days following the Termination Date such release has become irrevocable in accordance with its terms. The Grantee acknowledges that while certain Options will retroactively vest effective as of the Termination Date if the Release Conditions are met, the Grantee will nonetheless not be able to exercise any such Options unless and until such conditions are met.

The number of each type of Option subject to this Agreement that will become exercisable as of the Termination Date if the Release Conditions are met shall equal the sum of (a) the number of such Options that would have become exercisable during the Forward Vesting Period had the Grantee remained in the employ of the Company or a Subsidiary for the entire Forward Vesting Period plus (b) the number of such Options that is equal to the product (rounded down to the nearest whole number) of (i) the total number of such Options subject to this Agreement minus (A) any such Options that have already become exercisable prior to the Termination Date and (B) any such Options that would have become exercisable during the Forward Vesting Period in clause (a) above multiplied by (ii) a fraction, the numerator of which is the total number of days elapsed during the period beginning on the Grant Date, and ending on the Termination Date, inclusive, and the denominator of which is the total number of days during the period beginning on the Grant Date, and ending on _____________ **[Insert final Vesting Date]**, inclusive.

For purposes of determining the number of Options that would have become exercisable in clause (a) above, "Forward Vesting Period" shall mean the period beginning on the Termination Date and ending on the corresponding day (or, if there is no corresponding day, on the last day) of (x) the ninth month thereafter, if the Grantee is an Assistant Vice President or Vice President of the Company or a Subsidiary on the Termination Date or (y) the twelfth month thereafter, if the Grantee is a Senior Vice President or Executive Vice President of the Company or a Subsidiary on the Termination Date.

Additional Exercisability Terms:	**[INCLUDE IN STANDARD AND MULTI-YEAR OPTION AGREEMENTS FOR LIC EMPLOYEES, INCLUDING FOR STANDARD VP AND STANDARD SVP GRANTS; DO NOT INCLUDE IN STANDARD OPTION AGREEMENT FOR QVC U.S. OR FOREIGN EMPLOYEES OR IN STANDARD OPTION AGREEMENT FOR LIC NON-EMPLOYEE DIRECTORS.]**

Section 7 of the Option Agreement is amended as follows:

1. If the Release Conditions are met, the following sentence is added to the end of Section 7(b):

> If the Grantee dies prior to the expiration of a period of time following termination of the Grantee's employment during which the Options remain exercisable as provided in Section 7(e), the Options will terminate at the Close of Business on the first Business Day following the later of the expiration of (i) the one-year period that began on the date of the Grantee's death or (ii) the Special Termination Period (as defined in Section 7(e)).

2. If the Release Conditions are met, the following provisions are added as Section 7(e):

> Subject to Section 7(b), if the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause, the Options will terminate at the Close of Business on the first Business Day following the expiration of the Special Termination Period. The Special Termination Period is the period of time beginning on the Termination Date and continuing for the number of days that is equal to the sum of (i) 90, plus (ii) 180 multiplied by the Grantee's total Years of Continuous Service. A Year of Continuous Service means a consecutive 12-month period, measured by the Grantee's hire date (as reflected in the payroll records of the Company or a Subsidiary) and the anniversaries of that date, during which the Grantee is employed by the Company or a Subsidiary (or an applicable predecessor of the Company) without interruption. If the Grantee was employed by a Subsidiary at the time of such Subsidiary's acquisition by the Company, the Grantee's employment with the Subsidiary prior to the acquisition date will be included in determining the Grantee's Years of Continuous Service unless the Plan Administrator, in its sole discretion, determines that such prior employment will be excluded.

Additional Provisions_Applicable to Grantees who hold the office of **[Vice President][Senior Vice President]** or above as of the Grant Date:	**[INCLUDE IN STANDARD AND MULTI-YEAR OPTION AGREEMENTS FOR LIC EMPLOYEES (AT VP LEVEL) AND IN STANDARD OPTION AGREEMENTS FOR QVC U.S. AND FOREIGN EMPLOYEES (AT SVP LEVEL); DO NOT INCLUDE IN STANDARD OPTION AGREEMENT FOR LIC NON-EMPLOYEE DIRECTORS.]** Forfeiture for Misconduct and Repayment of Certain Amounts. If (i) a material restatement of any financial statement of the Company (including any consolidated financial statement of the Company and its consolidated Subsidiaries) is required and (ii) in the reasonable judgment of the Plan Administrator, (A) such restatement is due to material noncompliance with any financial reporting requirement under applicable securities laws and (B) such noncompliance is a result of misconduct on the part of the Grantee, the Grantee will repay to the Company Forfeitable Benefits received by the Grantee during the Misstatement Period in such amount as the Plan Administrator may reasonably determine, taking into account, in addition to any other factors deemed relevant by the Plan Administrator, the extent to which the market value of Common Stock during the Misstatement Period was affected by the error(s) giving rise to the need for such restatement. "Forfeitable Benefits" means (i) any and all cash and/or shares of Common Stock received by the Grantee (A) upon the exercise during the Misstatement Period of any SARs held by the Grantee or (B) upon the payment during the Misstatement Period of any Cash Award or Performance Award held by the Grantee, the value of which is determined in whole or in part with reference to the value of Common Stock, and (ii) any proceeds received by the Grantee from the sale, exchange, transfer or other disposition during the Misstatement Period of any shares of Common Stock received by the Grantee upon the exercise, vesting or payment during the Misstatement Period of any Award held by the Grantee. By way of clarification, "Forfeitable Benefits" will not include any shares of Common Stock received upon exercise of any Options during the Misstatement Period that are not sold, exchanged, transferred or otherwise disposed of during the Misstatement Period. "Misstatement Period" means the 12-month period beginning on the date of the first public issuance or the filing with the Securities and Exchange Commission, whichever occurs earlier, of the financial statement requiring restatement.

Qualifying Service:	**[INCLUDE IN STANDARD AND MULTI-YEAR OPTION AGREEMENTS FOR LIC EMPLOYEES AND IN STANDARD OPTION AGREEMENT FOR LIC NON-EMPLOYEE DIRECTORS; DO NOT INCLUDE IN STANDARD OPTION AGREEMENT FOR QVC U.S. OR FOREIGN EMPLOYEES.]** Unless the Plan Administrator in its sole discretion determines otherwise in connection with the commencement of employment or service to Liberty Media Corporation or its Subsidiary, notwithstanding anything to the contrary in this Agreement, Grantee's employment or service with Liberty Media Corporation or any entity that is a Subsidiary of Liberty Media Corporation at the time of determination shall be deemed to be employment or service with the Company for all purposes under the Awards granted pursuant to this Agreement.
Company Notice Address:	Liberty Interactive Corporation 12300 Liberty Boulevard Englewood, Colorado 80112 Attn: General Counsel
Data Privacy	**[INCLUDE ONLY IN STANDARD OPTION AGREEMENT FOR QVC FOREIGN EMPLOYEES.]** The following provisions are added to the Option Agreement as Section 22: 22. **Data Privacy**. (a) The Grantee's acceptance hereof shall evidence the Grantee's explicit and unambiguous consent to the collection, use and transfer, in electronic or other form, of the Grantee's personal data by and among, as applicable, the Company and its Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that the Company and its Subsidiaries and Affiliates may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, bonus and employee benefits, nationality, job title and description, any shares of stock or directorships or other positions held in the Company, its Subsidiaries and Affiliates, details of all options, stock appreciation rights, restricted shares, restricted share units or any other entitlement to shares of stock or other Awards granted, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, annual performance objectives, performance reviews and performance ratings, for the purpose of implementing, administering and managing Awards under the Plan ("Data").

(b) The Grantee understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Grantee's country or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee's local human resources representative. The Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Grantee may elect to deposit any shares of stock acquired with respect to an Award.

(c) The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that the Grantee may at any time view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands, however, that refusing or withdrawing the Grantee's consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of a refusal to consent or withdrawal of consent, the Grantee may contact the Grantee's local human resources representative.

Exhibit 10.49

RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (this "Agreement") is made as of the date set forth on Schedule I hereto (the "Grant Date"), by and between the issuer identified in Schedule I hereto (the "Company"), and the recipient (the "Grantee") of an Award of Restricted Shares granted by the Plan Administrator (as defined in Schedule I hereto) as set forth in this Agreement.

The Company has adopted the incentive plan identified on Schedule I hereto (as has been or may hereafter be amended, the "Plan"), a copy of which is attached via a link at the end of this online Agreement as Exhibit A and by this reference made a part hereof, for the benefit of eligible persons as specified in the Plan. Capitalized terms used and not otherwise defined in this Agreement will have the meanings ascribed to them in the Plan.

Pursuant to the Plan, the Plan Administrator has determined that it would be in the interest of the Company and its stockholders to award shares of common stock to the Grantee, subject to the conditions and restrictions set forth herein and in the Plan, in order to provide the Grantee with additional remuneration for services rendered, to encourage the Grantee to remain in the service or employ of the Company or its Subsidiaries and to increase the Grantee's personal interest in the continued success and progress of the Company.

The Company and the Grantee therefore agree as follows:

1. Definitions. The following terms, when used in this Agreement, have the following meanings:

"Cause" has the meaning specified as "cause" in Section 10.2(b) of the Plan.

"Common Stock" has the meaning specified in Section 2.

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

"Grant Date" has the meaning specified in the preamble to this Agreement.

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

"Plan" has the meaning specified in Schedule I hereto.

"Plan Administrator" has the meaning specified in the preamble to this Agreement.

"Restricted Shares" has the meaning specified in Section 2.

"Retained Distributions" has the meaning specified in Section 4.

"Section 409(A)" has the meaning specified in Section 23.

"Unvested Fractional Restricted Share" has the meaning specified in Section 5.

"Vesting Date" has the meaning specified in Section 5.

"Vesting Percentage" has the meaning specified in Section 5.

2. **Award**. Pursuant to the terms of the Plan and in consideration of the covenants and promises of the Grantee herein contained, the Company hereby awards to the Grantee as of the Grant Date the number and type of shares of Common Stock authorized by the Plan Administrator and set forth in the notice of online grant delivered to the Grantee pursuant to the Company's online grant and administration program, subject to the conditions and restrictions set forth in this Agreement and in the Plan (the "Restricted Shares").

3. **Issuance of Restricted Shares at Beginning of the Restriction Period**. Upon issuance of the Restricted Shares, such Restricted Shares will be registered in a book entry account in the name of the Grantee. During the Restriction Period, any statement of ownership representing the Restricted Shares that may be issued during the Restriction Period, and any securities constituting Retained Distributions will bear a restrictive legend to the effect that ownership of the Restricted Shares (and such Retained Distributions), and the enjoyment of all rights appurtenant thereto, are subject to the restrictions, terms and conditions provided in the Plan and this Agreement.

4. **Restrictions**. The Restricted Shares will constitute issued and outstanding shares of Common Stock for all corporate purposes. The Grantee will have the right to vote such Restricted Shares, to receive and retain such dividends and distributions paid or distributed on such Restricted Shares as the Plan Administrator may in its sole discretion designate –and to exercise all other rights, powers and privileges of a holder of Common Stock with respect to such Restricted Shares, except that (a) the Grantee will not be entitled to delivery of the Restricted Shares until the Restriction Period shall have expired and unless all other vesting requirements with respect thereto shall have been fulfilled or waived, (b) the Company or its designee will retain custody of the Restricted Shares during the Restriction Period as provided in Section 8.2 of the Plan, (c) other than such dividends and distributions as the Plan Administrator may in its sole discretion designate, the Company or its designee will retain custody of all distributions ("Retained Distributions") made or declared with respect to the Restricted Shares (and such Retained Distributions will be subject to the same restrictions, terms and vesting and other conditions as are applicable to the Restricted Shares) until such time, if ever, as the Restricted Shares with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested, and such Retained Distributions will not bear interest or be segregated in a separate account, (d) except as provided in Section 11, the Grantee may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Shares or any Retained Distributions or the Grantee's interest in any of them during the Restriction Period and (e) a breach of any restrictions, terms or conditions provided in the Plan or established by the Plan Administrator with respect to any Restricted Shares or Retained Distributions will cause a forfeiture of such Restricted Shares and any Retained Distributions with respect thereto.

5. **Vesting and Forfeiture of Restricted Shares**. Subject to earlier vesting in accordance with Section 6, the Grantee will become vested as to that number of each type of

Restricted Shares (if any) subject to this Agreement that is equal to the fraction or percentage set forth on Schedule I hereto (the "Vesting Percentage") of the total number of such type of Restricted Shares that are subject to this Agreement (in each case, rounded down to the nearest whole number of such type of Restricted Shares) on each of the dates indicated on Schedule I hereto (each such date, together with any other date on which Restricted Shares vest pursuant to this Agreement, a "Vesting Date"). If rounding pursuant to the preceding sentence prevents any portion of a Restricted Share from becoming vested on a particular Vesting Date (any such portion, an "Unvested Fractional Restricted Share"), one additional Restricted Share of such type of Restricted Share will become vested on the earliest succeeding Vesting Date on which the cumulative fractional amount of all Unvested Fractional Restricted Shares of such type of Restricted Share (including any Unvested Fractional Restricted Share created on such succeeding Vesting Date) equals or exceeds one whole Restricted Share, with any excess treated as an Unvested Fractional Restricted Share thereafter subject to the application of this sentence and the following sentence. Any Unvested Fractional Restricted Share comprising part of a whole Restricted Share that vests pursuant to the preceding sentence will thereafter cease to be an Unvested Fractional Restricted Share. Notwithstanding the foregoing, (a) the Grantee will not vest, pursuant to this Section 5, in Restricted Shares as to which the Grantee would otherwise vest as of a given date if the Grantee has not been continuously employed by the Company or its Subsidiaries from the date of this Agreement through such date, or, if the Grantee is a non-employee director, the Grantee has not been continuously providing services as a non-employee director through such date (the vesting or forfeiture of such shares to be governed instead by the provisions of Section 6) , and (b) in the event that any date on which vesting would otherwise occur is a Saturday, Sunday or a holiday, such vesting will instead occur on the business day next following such date. Unless otherwise determined by the Plan Administrator in its sole discretion, Retained Distributions will be subject to the same vesting and forfeiture conditions that are applicable to the Restricted Shares to which such Retained Distributions relate.

6. Early Termination or Vesting. Unless otherwise determined by the Plan Administrator in its sole discretion:

(a) If the Grantee's employment with the Company or a Subsidiary terminates or, if the Grantee is a non-employee director of the Company, if the Grantee's service to the Company as such terminates, in each case for any reason other than death or Disability or a termination by the Company or such Subsidiary without Cause, then the Award, to the extent not theretofore vested, will be forfeited immediately;

(b) If the Grantee dies while employed by the Company or a Subsidiary or while serving as a non-employee director of the Company, as applicable, then the Award, to the extent not theretofore vested, will immediately become fully vested;

(c) If the Grantee's employment with the Company or a Subsidiary or service as a non-employee director, as applicable, terminates by reason of Disability, then the Award, to the extent not theretofore vested, will immediately become fully vested; and

(d) If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause, or, if the Grantee is a non-employee director of the Company, if the Grantee's service to the Company as such is terminated by

the Company or such Subsidiary without Cause, then the Award, to the extent not theretofore vested, will be forfeited immediately, except to the extent, if any, otherwise specified on Schedule I hereto.

Unless the Plan Administrator otherwise determines, a change of the Grantee's employment from the Company to a Subsidiary or from a Subsidiary to the Company or another Subsidiary will not be considered a termination of the Grantee's employment for purposes of this Agreement if such change of employment is made at the request or with the express consent of the Company. Unless the Plan Administrator otherwise determines, however, any such change of employment that is not made at the request or with the express consent of the Company will be a termination of the Grantee's employment within the meaning of this Agreement.

7. Completion of the Restriction Period. On the Vesting Date with respect to each award of Restricted Shares, and the satisfaction of any other applicable restrictions, terms and conditions (a) all or the applicable portion of such Restricted Shares will become vested and (b) any Retained Distributions with respect to such Restricted Shares will become vested to the extent that the Restricted Shares related thereto shall have become vested, all in accordance with the terms of this Agreement. Any such Restricted Shares and Retained Distributions that shall not become vested will be forfeited to the Company, and the Grantee will not thereafter have any rights (including dividend and voting rights) with respect to such Restricted Shares or any Retained Distributions that are so forfeited.

8. Adjustments; Early Vesting in Certain Events.

(a) The Restricted Shares will be subject to adjustment (including, without limitation, as to the number of Restricted Shares) in such manner as the Plan Administrator, in its sole discretion, deems equitable and appropriate in connection with the occurrence of any of the events described in Section 4.2 of the Plan following the Grant Date.

(b) In the event of any Approved Transaction, Board Change or Control Purchase following the Grant Date, the restrictions in Sections 3 and 4 may lapse in accordance with Section 10.1(b) of the Plan.

9. Mandatory Withholding for Taxes. The Grantee acknowledges and agrees that, upon the expiration of the Restriction Period, the Company will deduct from the shares of applicable Common Stock otherwise deliverable to the Grantee (or the Grantee's beneficiary, if applicable) that number of shares of such Common Stock (valued at the Fair Market Value on the applicable Vesting Date) that is equal to the amount, as determined by the Company, of all federal, state or other governmental taxes required to be withheld by the Company or any Subsidiary of the Company with respect to the vesting of Restricted Shares and any related Retained Distributions, unless other provisions to pay such withholding requirements have been made to the satisfaction of the Company. Upon the payment of any cash dividends with respect to Restricted Shares during the Restriction Period, the amount of such dividends will be reduced to the extent necessary to satisfy any withholding tax requirements applicable thereto prior to payment to the Grantee.

10. Delivery by the Company. As soon as practicable after the vesting of Restricted Shares pursuant to Sections 5, 6 or 8, but no later than 30 days after such vesting occurs, and subject to the withholding referred to in Section 9, the Company will (a) cause to be removed from the Restricted Shares that have vested the restriction described in Section 3 or cause to be issued and delivered to the Grantee (in certificate or electronic form) shares of Common Stock equal to the number of Restricted Shares that have vested , and (b) shall cause to be delivered to the Grantee any Retained Distributions with respect to such vested shares. If delivery of certificates is by mail, delivery of shares of Common Stock will be deemed effected for all purposes when a stock transfer agent of the Company has deposited the certificates in the United States mail, addressed to the Grantee.

11. Nontransferability of Restricted Shares Before Vesting. Restricted Shares that have not vested are not transferable (either voluntarily or involuntarily), before or after the Grantee's death, except as follows: (a) during the Grantee's lifetime, pursuant to a domestic relations order, issued by a court of competent jurisdiction, that is not contrary to the terms and conditions of the Plan or this Agreement, and in a form acceptable to the Committee; or (b) after the Grantee's death, by will or pursuant to the applicable laws of descent and distribution, as may be the case. Any person to whom Restricted Shares are transferred in accordance with the provisions of the preceding sentence shall take such Restricted Shares subject to all of the terms and conditions of the Plan and this Agreement, including that the vesting and termination provisions of this Agreement will continue to be applied with respect to the Grantee. Certificates representing Restricted Shares that have vested may be delivered (or, in the case of book entry registration, registered) only to the Grantee (or during the Grantee's lifetime, to the Grantee's court appointed legal representative) or to a person to whom the Restricted Shares have been transferred in accordance with this Section.

12. Company's Rights. The existence of this Agreement will not affect in any way the right or power of the Company or its stockholders to accomplish any corporate act, including without limitation, the acts referred to in Section 10.15 or Section 10.16 of the Plan, as applicable.

13. Restrictions Imposed by Law. Without limiting the generality of Section 10.7 or Section 10.8 of the Plan, as applicable, the Grantee will not require the Company to deliver any Restricted Shares and the Company will not be obligated to deliver any Restricted Shares if counsel to the Company determines that such exercise, delivery or payment would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which shares of Common Stock are listed or quoted. The Company will in no event be obligated to take any affirmative action in order to cause the delivery of any Restricted Shares to comply with any such law, rule, regulation or agreement.

14. Notice. Unless the Company notifies the Grantee in writing of a different procedure or address, any notice or other communication to the Company with respect to this Agreement will be in writing and will be delivered personally or sent by first class mail, postage prepaid, to the address specified for the Company in Schedule I hereto. Unless the Company elects to notify the Grantee electronically pursuant to the online grant and administration program or via email, any notice or other communication to the Grantee with respect to this Agreement will be in writing and will be delivered personally, or will be sent by first class mail, postage prepaid, to the

Grantee's address as listed in the records of the Company or any Subsidiary of the Company on the Grant Date, unless the Company has received written notification from the Grantee of a change of address.

15. Amendment. Notwithstanding any other provision hereof, this Agreement may be supplemented or amended from time to time as approved by the Plan Administrator as contemplated by Section 10.6(b) or Section 10.7(b) of the Plan, as applicable. Without limiting the generality of the foregoing, without the consent of the Grantee*:*

(a) this Agreement may be amended or supplemented from time to time as approved by the Plan Administrator (i) to cure any ambiguity or to correct or supplement any provision herein that may be defective or inconsistent with any other provision herein, (ii) to add to the covenants and agreements of the Company for the benefit of the Grantee or surrender any right or power reserved to or conferred upon the Company in this Agreement, subject to any required approval of the Company's stockholders, and provided, in each case, that such changes or corrections will not adversely affect the rights of the Grantee with respect to the Award evidenced hereby or (iii) to make such other changes as the Company, upon advice of counsel, determines are necessary or advisable because of the adoption or promulgation of, or change in the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities laws; and

(b) subject to any required action by the Board of Directors or the stockholders of the Company , the Award evidenced by this Agreement may be canceled by the Plan Administrator and a new Award made in substitution therefor, provided that the Award so substituted will satisfy all of the requirements of the Plan as of the date such new Award is made and no such action will adversely affect the Restricted Shares to the extent then vested.

16. Grantee Employment or Status as a Director. Nothing contained in this Agreement, and no action of the Company or the Plan Administrator with respect hereto, will confer or be construed to confer on the Grantee any right to continue in the employ of the Company or any Subsidiary or to continue as a non-employee director of the Company, or interfere in any way with the right of the Company or any employing Subsidiary (or the Company's stockholders in the case of a non-employee director) to terminate the Grantee's employment or service, as applicable, at any time, with or without Cause, subject to the provisions of any employment agreement between the Grantee and the Company or any Subsidiary.

17. Nonalienation of Benefits. Except as provided in Section 11 and prior to the vesting of any Restricted Share, (a) no right or benefit under this Agreement will be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same will be void, and (b) no right or benefit hereunder will in any manner be subjected to or liable for the debts, contracts, liabilities or torts of the Grantee or other person entitled to such benefits.

18. Governing Law. This Agreement will be governed by, and construed in accordance with, the internal laws of the State of Colorado. Each party irrevocably submits to the

general jurisdiction of the state and federal courts located in the State of Colorado in any action to interpret or enforce this Agreement and irrevocably waives any objection to jurisdiction that such party may have based on inconvenience of forum.

19. Construction. References in this Agreement to "this Agreement" and the words "herein," "hereof," "hereunder" and similar terms include all Exhibits and Schedules appended hereto, including the Plan. All references to "Sections" in this Agreement shall be to Sections of this Agreement unless explicitly stated otherwise. The word "include" and all variations thereof are used in an illustrative sense and not in a limiting sense. All decisions of the Plan Administrator upon questions regarding the Plan or this Agreement will be conclusive. Unless otherwise expressly stated herein, in the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan will control. The headings of the sections of this Agreement have been included for convenience of reference only, are not to be considered a part hereof and will in no way modify or restrict any of the terms or provisions hereof.

20. Rules by Plan Administrator. The rights of the Grantee and the obligations of the Company hereunder will be subject to such reasonable rules and regulations as the Plan Administrator may adopt from time to time .

21. Entire Agreement. This Agreement is in satisfaction of and in lieu of all prior discussions and agreements, oral or written, between the Company and the Grantee regarding the subject matter hereof . The Grantee and the Company hereby declare and represent that no promise or agreement not herein expressed has been made and that this Agreement contains the entire agreement between the parties hereto with respect to the Restricted Shares and replaces and makes null and void any prior agreements between the Grantee and the Company regarding the Restricted Shares. Subject to the restrictions set forth in Sections 11 and 17, this Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

22. Grantee Acknowledgment. The Grantee will signify acceptance of the terms and conditions of this Agreement by acknowledging the acceptance of this Agreement via the procedures described in the online grant and administration program utilized by the Company.

23. Code Section 409A Compliance. To the extent that Section 409A of the Code or the related regulations and Treasury pronouncements ("Section 409A") is applicable to the Grantee in connection with the Award, if any provision of this Agreement would result in the imposition of an excise tax under Section 409A, that provision will be reformed to avoid imposition of the excise tax and no action taken to comply with Section 409A shall be deemed to impair a benefit under this Agreement.

*****

Schedule I
to Liberty Interactive Corporation
Restricted Stock Award Agreement
[NRA][NDR][QRA____________

Grant Date:	__________ __, 201_
Issuer/Company:	Liberty Interactive Corporation, a Delaware corporation
Plan:	Liberty Interactive Corporation ______________ Incentive Plan
Plan Administrator:	**[The Compensation Committee of the Board of Directors of the Company appointed by the Board of Directors of the Company pursuant to Section 3.1 of the Plan to administer the Plan] [The Board of Directors of the Company]**
Common Stock:	Series A QVC Group Common Stock ("QVCA Common Stock")**[; and/or Series A Liberty Ventures Common Stock ("LVNTA Common Stock"), as applicable.]**
Vesting Percentage:	________%
Vesting Dates:	______________________________________
Additional Vesting Terms:	**[INCLUDE ONLY IN STANDARD RSA FOR LIC EMPLOYEES. DO NOT INCLUDE IN LIC MULTI-YEAR RSA, LIC NEW EMPLOYEE LONG-TERM RSA, RSA FOR QVC EMPLOYEES, OR IN RSA FOR LIC NON-EMPLOYEE DIRECTORS.]** If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause, then any unvested Restricted Shares that otherwise would have vested during the remainder of the calendar year in which the Grantee's employment with the Company or a Subsidiary is terminated will become vested on the date of the Grantee's termination of employment. **[INCLUDE ONLY IN LIC NEW EMPLOYEE LONG-TERM RSA.]** If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause after the second anniversary of the Grant Date, then the Award, to the extent not theretofore vested, will become fully vested upon the Grantee's execution and delivery to the Company in accordance with the notice requirements of this Agreement of a general release agreement in a form satisfactory to the Company, provided that such release has been so delivered and has become irrevocable in accordance with its terms not later than 60 days following the date of the Grantee's termination without Cause.

[INCLUDE ONLY IN MULTI-YEAR RSA FOR LIC EMPLOYEES.]

If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause prior to _________ **[Insert final Vesting Date]**, the number of each type of Restricted Shares subject to this Agreement that shall become vested as of the date of such termination shall equal the sum of (a) the number of such Restricted Shares that would have become vested during the Forward Vesting Period had the Grantee remained in the employ of the Company or a Subsidiary for the entire Forward Vesting Period plus (b) the number of such Restricted Shares that is equal to the product (rounded down to the nearest whole number) of (i) the total number of such Restricted Shares subject to this Agreement minus (A) any such Restricted Shares that have already become vested prior to the date of such termination and (B) any such Restricted Shares that would have become vested during the Forward Vesting Period in clause (a) above multiplied by (ii) a fraction, the numerator of which is the total number of days elapsed during the period beginning on the Grant Date, and ending on the date of termination, inclusive, and the denominator of which is the total number of days during the period beginning on the Grant Date, and ending on _________ **[Insert final Vesting Date]**, inclusive.

For purposes of determining the number of Restricted Shares that would have become vested in clause (a) above, "Forward Vesting Period" shall mean the period beginning on the date of termination and ending on the corresponding day (or, if there is no corresponding day, on the last day) of (x) the ninth month thereafter, if the Grantee is an Assistant Vice President or Vice President of the Company or a Subsidiary on the date of termination of his or her employment with the Company or a Subsidiary or (y) the twelfth month thereafter, if the Grantee is a Senior Vice President or Executive Vice President of the Company or a Subsidiary on the date of termination of his or her employment with the Company or a Subsidiary.

Additional Provisions_Applicable to Grantees who hold the office of **[Vice President][Senior Vice President]** or above as of the Grant Date:	**[INCLUDE AT VP LEVEL IN (1) STANDARD RSA FOR LIC EMPLOYEES, (2) MULTI-YEAR RSA FOR LIC EMPLOYEES AND (3) LIC NEW EMPLOYEE LONG-TERM RSA. INCLUDE AT SVP LEVEL IN STANDARD RSA FOR QVC EMPLOYEES. DO NOT INCLUDE IN RSA FOR LIC NON-EMPLOYEE DIRECTORS.]**

Forfeiture for Misconduct and Repayment of Certain Amounts. If (i) a material restatement of any financial statement of the Company (including any consolidated financial statement of the Company and its consolidated Subsidiaries) is required and (ii) in the reasonable judgment of the Plan Administrator, (A) such restatement is due to material noncompliance with any financial reporting requirement under applicable securities laws and (B) such noncompliance is a result of misconduct on the part of the Grantee, the Grantee will repay to the Company Forfeitable Benefits received by the Grantee during the Misstatement Period in such amount as the Plan Administrator may reasonably determine, taking into account, in addition to any other factors deemed relevant by the Plan Administrator, the extent to which the market value of Common Stock during the Misstatement Period was affected by the error(s) giving rise to the need for such restatement. "Forfeitable Benefits" means (i) any and all cash and/or shares of Common Stock received by the Grantee (A) upon the exercise during the Misstatement Period of any SARs held by the Grantee or (B) upon the payment during the Misstatement Period of any Cash Award or Performance Award held by the Grantee, the value of which is determined in whole or in part with reference to the value of Common Stock, and (ii) any proceeds received by the Grantee from the sale, exchange, transfer or other disposition during the Misstatement Period of any shares of Common Stock received by the Grantee upon the exercise, vesting or payment during the Misstatement Period of any Award held by the Grantee. By way of clarification, "Forfeitable Benefits" will not include any shares of Common Stock received upon vesting of any Restricted Shares during the Misstatement Period that are not sold, exchanged, transferred or otherwise disposed of during the Misstatement Period. "Misstatement Period" means the 12-month period beginning on the date of the first public issuance or the filing with the Securities and Exchange Commission, whichever occurs earlier, of the financial statement requiring restatement.

Qualifying Service: **[INCLUDE IN STANDARD AND MULTI-YEAR RSA AGREEMENTS FOR LIC EMPLOYEES, IN NEW EMPLOYEE LONG-TERM RSA AND IN STANDARD RSA FOR LIC NON-EMPLOYEE DIRECTORS; DO NOT INCLUDE IN STANDARD RSA FOR QVC EMPLOYEES.]**

	Unless the Plan Administrator in its sole discretion determines otherwise in connection with the commencement of employment or service to Liberty Media Corporation or its Subsidiary, notwithstanding anything to the contrary in this Agreement, Grantee's employment or service with Liberty Media Corporation or any entity that is a Subsidiary of Liberty Media Corporation at the time of determination shall be deemed to be employment or service with the Company for all purposes under the Awards granted pursuant to this Agreement.
Company Notice Address:	Liberty Interactive Corporation 12300 Liberty Boulevard Englewood, Colorado 80112 Attn: General Counsel

Exhibit 10.9

LIBERTY INTERACTIVE CORPORATION
2011 NONEMPLOYEE DIRECTOR INCENTIVE PLAN

(Amended and Restated, as of December 17, 2015)

ARTICLE I
Purpose of Plan; Amendment and Restatement of Plan

1.1 *Purpose*. The purpose of the Plan is to provide a method whereby eligible Nonemployee Directors of the Company may be awarded additional remuneration for services rendered and encouraged to invest in capital stock of the Company, thereby increasing their proprietary interest in the Company's businesses and increasing their personal interest in the continued success and progress of the Company. The Plan is also intended to aid in attracting Persons of exceptional ability to become Nonemployee Directors of the Company.

1.2 *Amendment and Restatement of Plan.* The Plan was amended and restated effective November 7, 2011 by the Board of the Company to make certain clarifying changes throughout the Plan, including but not limited to Section 4.1 hereof. The Plan was amended on August 5, 2013 and amended and restated as of May 6, 2015. The Plan is hereby further amended and restated as of December 17, 2015.

ARTICLE II
Definitions

2.1 *Certain Defined Terms*. Capitalized terms not defined elsewhere in the Plan shall have the following meanings (whether used in the singular or plural):

"Account" has the meaning ascribed thereto in Section 8.2.

"Affiliate" of the Company means any corporation, partnership, or other business association that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Company.

"Agreement" means a stock option agreement, stock appreciation rights agreement, restricted shares agreement, restricted stock units agreement, or an agreement evidencing more than one type of Award, specified in Section 10.4, as any such Agreement may be supplemented or amended from time to time.

"Approved Transaction" means any transaction in which the Board (or, if approval of the Board is not required as a matter of law, the stockholders of the Company) shall approve (i) any consolidation or merger of the Company, or binding share exchange, pursuant to which shares of Common Stock of the Company would be changed or converted into or exchanged for cash, securities, or other property, other than any such transaction in which the common stockholders of the Company immediately prior to such transaction have the same proportionate ownership of the Common Stock of, and voting power with respect to, the surviving corporation immediately after such transaction,

(ii) any merger, consolidation, or binding share exchange to which the Company is a party as a result of which the Persons who are common stockholders of the Company immediately prior thereto have less than a majority of the combined voting power of the outstanding capital stock of the Company ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors immediately following such merger, consolidation, or binding share exchange, (iii) the adoption of any plan or proposal for the liquidation or dissolution of the Company, or (iv) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company.

"Award" means a grant of Options, SARs, Restricted Shares, Restricted Stock Units and/or cash under the Plan.

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

"Board Change" means, during any period of two consecutive years, individuals who at the beginning of such period constituted the entire Board cease for any reason to constitute a majority thereof unless the election, or the nomination for election, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute or statutes thereto. Reference to any specific Code section shall include any successor section.

"Common Stock" means each or any (as the context may require) series of the Company's common stock.

"Company" means Liberty Interactive Corporation, a Delaware corporation (formerly known as Liberty Media Corporation).

"Control Purchase" means any transaction (or series of related transactions) in which any person (as such term is defined in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), corporation, or other entity (other than the Company, any Subsidiary of the Company, or any employee benefit plan sponsored by the Company or any Subsidiary of the Company or any Exempt Person (as defined below)) shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the then outstanding securities of the Company ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors (calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company's securities), other than in a transaction (or series of related transactions) approved by the Board. For purposes of this definition, "Exempt Person" means each of (a) the Chairman of the Board, the President and each of the directors of the Company as the Effective Date, and (b) the respective family members, estates, and heirs of each of the Persons referred to in clause (a) above and any trust or other investment vehicle for the primary benefit of any of such Persons or their respective family members

or heirs. As used with respect to any Person, the term "family member" means the spouse, siblings and lineal descendants of such Person.

"Director Compensation" means the annual retainer and meeting fees, and any other regular cash compensation payable by the Company to a Nonemployee Director for service on the Board.

"Disability" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

"Dividend Equivalents" means, with respect to Restricted Stock Units, to the extent specified by the Board only, an amount equal to all dividends and other distributions (or the economic equivalent thereof) which are payable to stockholders of record during the Restriction Period on a like number and kind of shares of Common Stock.

"Domestic Relations Order" means a domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder.

"Effective Date" means September 7, 2011.

"Equity Security" shall have the meaning ascribed to such term in Section 3(a)(11) of the Exchange Act, and an equity security of an issuer shall have the meaning ascribed thereto in Rule 16a-1 promulgated under the Exchange Act, or any successor Rule.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor statute or statutes thereto. Reference to any specific Exchange Act section shall include any successor section.

"Fair Market Value" of a share of any series of Common Stock on any day means (i) for Option and SAR exercise transactions effected on any third-party incentive award administration system provided by the Company, the current high bid price of a share of any series of Common Stock as reported on the consolidated transaction reporting system on the principal national securities exchange on which shares of such series of Common Stock are listed on such day or if such shares are not then listed on a national securities exchange, then as quoted by OTC Markets Group Inc., or (ii) for all other purposes under the Plan, the closing price of a share of such series of Common Stock on such day (or if such day is not a trading day, on the next preceding trading day) as reported on the consolidated transaction reporting system for the principal national securities exchange on which shares of such series of Common Stock are listed on such day or if such shares are not then listed on a national securities exchange, then as quoted by OTC Markets Group Inc. If for any day the Fair Market Value of a share of the applicable series of Common Stock is not determinable by any of the foregoing means, or if there is insufficient trading volume in the applicable series of Common Stock on such trading day, then the Fair Market Value for such day shall be determined in good faith by the Board on the basis of such quotations and other considerations as the Board deems appropriate.

"Free Standing SAR" has the meaning ascribed thereto in Section 7.1.

"Holder" means a Person who has received an Award under the Plan.

"Nonemployee Director" means an individual who is a member of the Board and who is neither an officer nor an employee of the Company or any Subsidiary.

"Option" means a stock option granted under Article VI.

"Person" means an individual, corporation, limited liability company, partnership, trust, incorporated or unincorporated association, joint venture or other entity of any kind.

"Plan" means this Liberty Interactive Corporation 2011 Nonemployee Director Incentive Plan, amended and restated as of December 17, 2015.

"Restricted Shares" means shares of any series of Common Stock awarded pursuant to Section 8.1.

"Restricted Stock Unit" means a unit evidencing the right to receive in specified circumstances one share of the specified series of Common Stock or the equivalent value in cash, which right may be subject to a Restriction Period or forfeiture provisions.

"Restriction Period" means a period of time beginning on the date of each Award of Restricted Shares or Restricted Stock Units and ending on the Vesting Date with respect to such Award.

"Retained Distribution" has the meaning ascribed thereto in Section 8.3.

"SARs" means stock appreciation rights, awarded pursuant to Article VII, with respect to shares of any specified series of Common Stock.

"Subsidiary" of a Person means any present or future subsidiary (as defined in Section 424(f) of the Code) of such Person or any business entity in which such Person owns, directly or indirectly, 50% or more of the voting, capital, or profits interests. An entity shall be deemed a subsidiary of a Person for purposes of this definition only for such periods as the requisite ownership or control relationship is maintained.

"Tandem SARs" has the meaning ascribed thereto in Section 7.1.

"Vesting Date," with respect to any Restricted Shares or Restricted Stock Units awarded hereunder, means the date on which such Restricted Shares or Restricted Stock Units cease to be subject to a risk of forfeiture, as designated in or determined in accordance with the Agreement with respect to such Award of Restricted Shares or Restricted Stock Units pursuant to Article VIII. If more than one Vesting Date is designated for an Award of Restricted Shares or Restricted Stock Units, reference in the Plan to a Vesting Date in respect of such Award shall be deemed to refer to each part of such Award and the Vesting Date for such part. The Vesting Date for a particular Award will be established by the Board and, for the avoidance of doubt, may be contemporaneous with the date of grant.

ARTICLE III
Administration

3.1 *Administration*. The Plan shall be administered by the Board, provided that it may delegate to employees of the Company certain administrative or ministerial duties in carrying out the purposes of the Plan.

3.2 *Powers*. The Board shall have full power and authority to grant to eligible Persons Options under Article VI of the Plan, SARs under Article VII of the Plan, Restricted Shares under Article VIII of the Plan, and/or Stock Units under Article IX of the Plan, to determine the terms and conditions (which need not be identical) of all Awards so granted, to interpret the provisions of the Plan and any Agreements relating to Awards granted under the Plan, and to supervise the administration of the Plan. The Board in making an Award may provide for the granting or issuance of additional, replacement, or alternative Awards upon the occurrence of specified events, including the exercise of the original Award. The Board shall have sole authority in the selection of Persons to whom Awards may be granted under the Plan and in the determination of the timing, pricing, and amount of any such Award, subject only to the express provisions of the Plan. In making determinations hereunder, the Board may take into account such factors as the Board in its discretion deems relevant.

3.3 *Interpretation*. The Board is authorized, subject to the provisions of the Plan, to establish, amend, and rescind such rules and regulations as it deems necessary or advisable for the proper administration of the Plan and to take such other action in connection with or in relation to the Plan as it deems necessary or advisable. Each action and determination made or taken pursuant to the Plan by the Board, including any interpretation or construction of the Plan, shall be final and conclusive for all purposes and upon all Persons. No member of the Board shall be liable for any action or determination made or taken by such member or the Board in good faith with respect to the Plan.

ARTICLE IV
Shares Subject to the Plan

4.1 *Number of Shares*. Subject to the provisions of this Article IV, the maximum number of shares of Common Stock (i) which may be issued in lieu of Director Compensation pursuant to Section 9.1 and (ii) with respect to which Awards may be granted during the term of the Plan shall be 1,014,000 shares. Shares of Common Stock will be made available from the authorized but unissued shares of the Company or from shares reacquired by the Company, including shares purchased in the open market. The shares of Common Stock subject to (i) any Award granted under the Plan that shall expire, terminate or be cancelled or annulled for any reason without having been exercised (or considered to have been exercised as provided in Section 7.2), (ii) any Award of any SARs granted under the Plan the terms of which provide for settlement in cash, and (iii) any Award of Restricted Shares or Restricted Stock Units that shall be forfeited prior to becoming vested (provided that the Holder received no benefits of ownership of such Restricted Shares or Restricted Stock Units other than voting rights and the accumulation of Retained Distributions and unpaid Dividend Equivalents that are likewise forfeited) shall again be available for purposes of the Plan. Notwithstanding the foregoing, the following shares of Common Stock may not again be made available for issuance as Awards under the Plan: (a) shares of Common

Stock not issued or delivered as a result of the net settlement of an outstanding Option or SAR, (b) shares of Common Stock used to pay the purchase price or withholding taxes related to an outstanding Award, or (c) shares of Common Stock repurchased on the open market with the proceeds of an Option purchase price. No Nonemployee Director may be granted during any calendar year Awards having a value determined on the date of grant in excess of $3 million.

4.2 *Adjustments*.

(a) If the Company subdivides its outstanding shares of any series of Common Stock into a greater number of shares of such series of Common Stock (by stock dividend, stock split, reclassification, or otherwise) or combines its outstanding shares of any series of Common Stock into a smaller number of shares of such series of Common Stock (by reverse stock split, reclassification, or otherwise) or if the Board determines that any stock dividend, extraordinary cash dividend, reclassification, recapitalization, reorganization, stock redemption, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase such series of Common Stock or other similar corporate event (including mergers or consolidations other than those which constitute Approved Transactions, adjustments with respect to which shall be governed by Section 10.1(b)) affects any series of Common Stock so that an adjustment is required to preserve the benefits or potential benefits intended to be made available under the Plan, then the Board, in such manner as the Board, in its sole discretion, deems equitable and appropriate, shall make such adjustments to any or all of (i) the number and kind of shares of stock which thereafter may be awarded, optioned or otherwise made subject to the benefits contemplated by the Plan, (ii) the number and kind of shares of stock subject to outstanding Awards, and (iii) the purchase or exercise price and the relevant appreciation base with respect to any of the foregoing, *provided, however,* that the number of shares subject to any Award shall always be a whole number. The Board may, if deemed appropriate, provide for a cash payment to any Holder of an Award in connection with any adjustment made pursuant to this Section 4.2.

(b) Notwithstanding any provision of the Plan to the contrary, in the event of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Board shall be authorized, in its discretion, (i) to provide, prior to the transaction, for the acceleration of the vesting and exercisability of, or lapse of restrictions with respect to, the Award and, if the transaction is a cash merger, provide for the termination of any portion of the Award that remains unexercised at the time of such transaction, or (ii) to cancel any such Awards and to deliver to the Holders cash in an amount that the Board shall determine in its sole discretion is equal to the fair market value of such Awards on the date of such event, which in the case of Options or SARs shall be the excess of the Fair Market Value (as determined in sub-section (ii) of the definition of such term) of Common Stock on such date over the purchase price of the Options or the base price of the SARs, as applicable. For the avoidance of doubt, if the purchase price of the Options or base price of the SARs, as applicable, is greater than such Fair Market Value, the Options or SARs may be canceled for no consideration pursuant to this section.

(c) No adjustment or substitution pursuant to this Section 4.2 shall be made in a manner that results in noncompliance with the requirements of Section 409A of the Code, to the extent applicable.

ARTICLE V
Eligibility

5.1 *General*. The Persons who shall be eligible to participate in the Plan and to receive Awards under the Plan shall, subject to Section 5.2, be such Persons who are Nonemployee Directors as the Board shall select. Awards may be made to Nonemployee Directors who hold or have held Awards under this Plan or any similar or other awards under any other plan of the Company or any of its Affiliates.

5.2 *Ineligibility*. No Person who is not a Nonemployee Director shall be eligible to receive an Award.

ARTICLE VI
Stock Options

6.1 *Grant of Options*. Subject to the limitations of the Plan, the Board shall designate from time to time those eligible Persons to be granted Options, the time when each Option shall be granted to such eligible Persons, the series and number of shares of Common Stock subject to such Option, and, subject to Section 6.2, the purchase price of the shares of Common Stock subject to such Option.

6.2 *Option Price.* The price at which shares may be purchased upon exercise of an Option shall be fixed by the Board and may be no less than the Fair Market Value of the shares of the applicable series of Common Stock subject to the Option as of the date the Option is granted.

6.3 *Term of Options.* Subject to the provisions of the Plan with respect to death, retirement and termination of service, the term of each Option shall be for such period as the Board shall determine as set forth in the applicable Agreement; provided that such term may not exceed ten years. However, if the term of an Option expires when trading in the Common Stock is prohibited by law or the Company's insider trading policy, then the term of such Option shall expire on the 30th day after the expiration of such prohibition.

6.4 *Exercise of Options*. An Option granted under the Plan shall become (and remain) exercisable during the term of the Option to the extent provided in the applicable Agreement and the Plan and, unless the Agreement otherwise provides, may be exercised to the extent exercisable, in whole or in part, at any time and from time to time during such term; *provided, however,* that subsequent to the grant of an Option, the Board, at any time before complete termination of such Option, may accelerate the time or times at which such Option may be exercised in whole or in part (without reducing the term of such Option).

6.5 *Manner of Exercise*.

(a) *Form of Payment.* An Option shall be exercised by written notice to the Company upon such terms and conditions as the Agreement may provide and in accordance

with such other procedures for the exercise of Options as the Board may establish from time to time. The method or methods of payment of the purchase price for the shares to be purchased upon exercise of an Option and of any amounts required by Section 10.8 shall be determined by the Board and may consist of (i) cash, (ii) check, (iii) promissory note (subject to applicable law), (iv) whole shares of any series of Common Stock, (v) the withholding of shares of the applicable series of Common Stock issuable upon such exercise of the Option, (vi) the delivery, together with a properly executed exercise notice, of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay the purchase price, or (vii) any combination of the foregoing methods of payment, or such other consideration and method of payment as may be permitted for the issuance of shares under the Delaware General Corporation Law. The permitted method or methods of payment of the amounts payable upon exercise of an Option, if other than in cash, shall be set forth in the applicable Agreement and may be subject to such conditions as the Board deems appropriate.

(b) *Value of Shares* . Unless otherwise determined by the Board and provided in the applicable Agreement, shares of any series of Common Stock delivered in payment of all or any part of the amounts payable in connection with the exercise of an Option, and shares of any series of Common Stock withheld for such payment, shall be valued for such purpose at their Fair Market Value as of the exercise date.

(c) *Issuance of Shares*. The Company shall effect the transfer of the shares of Common Stock purchased under the Option as soon as practicable after the exercise thereof and payment in full of the purchase price therefor and of any amounts required by Section 10.8, and within a reasonable time thereafter, such transfer shall be evidenced on the books of the Company. Unless otherwise determined by the Board and provided in the applicable Agreement, (i) no Holder or other Person exercising an Option shall have any of the rights of a stockholder of the Company with respect to shares of Common Stock subject to an Option granted under the Plan until due exercise and full payment has been made, and (ii) no adjustment shall be made for cash dividends or other rights for which the record date is prior to the date of such due exercise and full payment.

ARTICLE VII
SARs

7.1 *Grant of SARs*. Subject to the limitations of the Plan, SARs may be granted by the Board to such eligible Persons in such numbers, with respect to any specified series of Common Stock, and at such times during the term of the Plan as the Board shall determine. A SAR may be granted to a Holder of an Option (hereinafter called a "related Option") with respect to all or a portion of the shares of Common Stock subject to the related Option (a "Tandem SAR") or may be granted separately to an eligible Nonemployee Director (a "Free Standing SAR"). Subject to the limitations of the Plan, SARs shall be exercisable in whole or in part upon notice to the Company upon such terms and conditions as are provided in the Agreement.

7.2 *Tandem SARs.* A Tandem SAR may be granted either concurrently with the grant of the related Option or at any time thereafter prior to the complete exercise, termination, expiration, or cancellation of such related Option. Tandem SARs shall be exercisable only at the

time and to the extent that the related Option is exercisable (and may be subject to such additional limitations on exercisability as the Agreement may provide) and in no event after the complete termination or full exercise of the related Option. Upon the exercise or termination of the related Option, the Tandem SARs with respect thereto shall be canceled automatically to the extent of the number of shares of Common Stock with respect to which the related Option was so exercised or terminated. Subject to the limitations of the Plan, upon the exercise of a Tandem SAR and unless otherwise determined by the Board and provided in the applicable Agreement, (i) the Holder thereof shall be entitled to receive from the Company, for each share of the applicable series of Common Stock with respect to which the Tandem SAR is being exercised, consideration (in the form determined as provided in Section 7.4) equal in value to the excess of the Fair Market Value of a share of the applicable series of Common Stock with respect to which the Tandem SAR was granted on the date of exercise over the related Option purchase price per share, and (ii) the related Option with respect thereto shall be canceled automatically to the extent of the number of shares of Common Stock with respect to which the Tandem SAR was so exercised.

7.3 *Free Standing SARs*. Free Standing SARs shall be exercisable at the time, to the extent and upon the terms and conditions set forth in the applicable Agreement. The base price of a Free Standing SAR may be no less than the Fair Market Value of the applicable series of Common Stock with respect to which the Free Standing SAR was granted as of the date the Free Standing SAR is granted. Subject to the limitations of the Plan, upon the exercise of a Free Standing SAR and unless otherwise determined by the Board and provided in the applicable Agreement, the Holder thereof shall be entitled to receive from the Company, for each share of the applicable series of Common Stock with respect to which the Free Standing SAR is being exercised, consideration (in the form determined as provided in Section 7.4) equal in value to the excess of the Fair Market Value of a share of the applicable series of Common Stock with respect to which the Free Standing SAR was granted on the date of exercise over the base price per share of such Free Standing SAR. The term of a Free Standing SAR may not exceed ten years. However, if the term of a Free Standing SAR expires when trading in the Common Stock is prohibited by law or the Company's insider trading policy, then the term of such Free Standing SAR shall expire on the 30th day after the expiration of such prohibition.

7.4 *Consideration*. The consideration to be received upon the exercise of a SAR by the Holder shall be paid in cash, shares of the applicable series of Common Stock with respect to which the SAR was granted (valued at Fair Market Value on the date of exercise of such SAR), a combination of cash and such shares of the applicable series of Common Stock or such other consideration, in each case, as provided in the Agreement. No fractional shares of Common Stock shall be issuable upon exercise of a SAR, and unless otherwise provided in the applicable Agreement, the Holder will receive cash in lieu of fractional shares. Unless the Board shall otherwise determine, to the extent a Free Standing SAR is exercisable, it will be exercised automatically for cash on its expiration date.

7.5 *Limitations*. The applicable Agreement may provide for a limit on the amount payable to a Holder upon exercise of SARs at any time or in the aggregate, for a limit on the number of SARs that may be exercised by the Holder in whole or in part for cash during any specified period, for a limit on the time periods during which a Holder may exercise SARs, and for such other limits on the rights of the Holder and such other terms and conditions of the SAR, including a condition that the SAR may be exercised only in accordance with rules and regulations

adopted from time to time, as the Board may determine. Unless otherwise so provided in the applicable Agreement, any such limit relating to a Tandem SAR shall not restrict the exercisability of the related Option. Such rules and regulations may govern the right to exercise SARs granted prior to the adoption or amendment of such rules and regulations as well as SARs granted thereafter.

7.6 *Exercise*. For purposes of this Article VII, the date of exercise of a SAR shall mean the date on which the Company shall have received notice from the Holder of the SAR of the exercise of such SAR (unless otherwise determined by the Board and provided in the applicable Agreement).

ARTICLE VIII
Restricted Shares and Restricted Stock Units

8.1 *Grant of Restricted Shares*. Subject to the limitations of the Plan, the Board shall designate those eligible Persons to be granted Awards of Restricted Shares, shall determine the time when each such Award shall be granted, and shall designate (or set forth the basis for determining) the Vesting Date or Vesting Dates for each Award of Restricted Shares, and may prescribe other restrictions, terms and conditions applicable to the vesting of such Restricted Shares in addition to those provided in the Plan. The Board shall determine the price, if any, to be paid by the Holder for the Restricted Shares; *provided, however,* that the issuance of Restricted Shares shall be made for at least the minimum consideration necessary to permit such Restricted Shares to be deemed fully paid and nonassessable. All determinations made by the Board pursuant to this Section 8.1 shall be specified in the Agreement.

8.2 *Issuance of Restricted Shares*. An Award of Restricted Shares shall be registered in a book entry account (the "Account") in the name of the Holder to whom such Restricted Shares shall have been awarded. During the Restriction Period, the Account, any statement of ownership representing the Restricted Shares that may be issued during the Restriction Period and any securities constituting Retained Distributions shall bear a restrictive legend to the effect that ownership of the Restricted Shares (and such Retained Distributions), and the enjoyment of all rights appurtenant thereto, are subject to the restrictions, terms, and conditions provided in the Plan and the applicable Agreement.

8.3 *Restrictions with Respect to Restricted Shares*. During the Restriction Period, Restricted Shares shall constitute issued and outstanding shares of the applicable series of Common Stock for all corporate purposes. The Holder will have the right to vote such Restricted Shares, to receive and retain such dividends and distributions, as the Board may designate, paid or distributed on such Restricted Shares, and to exercise all other rights, powers and privileges of a Holder of shares of the applicable series of Common Stock with respect to such Restricted Shares; except, that, unless otherwise determined by the Board and provided in the applicable Agreement, (i) the Holder will not be entitled to delivery of the Restricted Shares until the Restriction Period shall have expired and unless all other vesting requirements with respect thereto shall have been fulfilled or waived; (ii) the Company or its designee will retain custody of the Restricted Shares during the Restriction Period as provided in Section 8.2; (iii) other than such dividends and distributions as the Board may designate, the Company or its designee will retain custody of all distributions ("Retained Distributions") made or declared with respect to the Restricted Shares

(and such Retained Distributions will be subject to the same restrictions, terms and vesting, and other conditions as are applicable to the Restricted Shares) until such time, if ever, as the Restricted Shares with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested, and such Retained Distributions shall not bear interest or be segregated in a separate account; (iv) the Holder may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Shares or any Retained Distributions or such Holder's interest in any of them during the Restriction Period; and (v) a breach of any restrictions, terms or conditions provided in the Plan or established by the Board with respect to any Restricted Shares or Retained Distributions will cause a forfeiture of such Restricted Shares and any Retained Distributions with respect thereto.

8.4 *Grant of Restricted Stock Units*. Subject to the limitations of the Plan, the Board shall designate those eligible Persons to be granted Awards of Restricted Stock Units, the value of which is based, in whole or in part, on the Fair Market Value of the shares of any specified series of Common Stock. Subject to the provisions of the Plan, including any rules established pursuant to Section 8.5, Awards of Restricted Stock Units shall be subject to such terms, restrictions, conditions, vesting requirements and payment rules as the Board may determine in its discretion, which need not be identical for each Award. Such Awards may provide for the payment of cash consideration by the Person to whom such Award is granted or provide that the Award, and any shares of Common Stock to be issued in connection therewith, if applicable, shall be delivered without the payment of cash consideration; provided, however, that the issuance of any shares of Common Stock in connection with an Award of Restricted Stock Units shall be for at least the minimum consideration necessary to permit such shares to be deemed fully paid and nonassessable. The determinations made by the Board pursuant to this Section 8.4 shall be specified in the applicable Agreement.

8.5 *Restrictions with Respect to Restricted Stock Units*. Any Award of Restricted Stock Units, including any shares of Common Stock which are part of an Award of Restricted Stock Units, may not be assigned, sold, transferred, pledged or otherwise encumbered prior to the date on which the shares are issued or, if later, the date provided by the Board at the time of the Award. A breach of any restrictions, terms or conditions provided in the Plan or established by the Board with respect to any Award of Restricted Stock Units will cause a forfeiture of such Restricted Stock Units and any Dividend Equivalents with respect thereto.

8.6 *Issuance of Restricted Stock Units*. Restricted Stock Units shall be issued at the end of the Restriction Period, shall not constitute issued and outstanding shares of the applicable series of Common Stock, and the Holder shall not have any of the rights of a stockholder with respect to the shares of Common Stock covered by such an Award of Restricted Stock Units, in each case until such shares shall have been issued to the Holder at the end of the Restriction Period. If and to the extent that shares of Common Stock are to be issued at the end of the Restriction Period, the Holder shall be entitled to receive Dividend Equivalents with respect to the shares of Common Stock covered thereby either (i) during the Restriction Period or (ii) in accordance with the rules applicable to Retained Distributions, as the Board may specify in the Agreement.

8.7 *Cash Payments*. In connection with any Award of Restricted Shares or Restricted Stock Units, an Agreement may provide for the payment of a cash amount to the Holder of such Awards at any time after such Awards shall have become vested. Such cash amounts shall be

payable in accordance with such additional restrictions, terms, and conditions as shall be prescribed by the Board in the Agreement and shall be in addition to any other compensation payments which such Holder shall be otherwise entitled or eligible to receive from the Company.

8.8 *Completion of Restriction Period*. On the Vesting Date with respect to each Award of Restricted Shares or Restricted Stock Units and the satisfaction of any other applicable restrictions, terms, and conditions, (a) all or the applicable portion of such Restricted Shares or Restricted Stock Units shall become vested, (b) any Retained Distributions with respect to such Restricted Shares and any unpaid Dividend Equivalents with respect to such Restricted Stock Units shall become vested to the extent that the Awards related thereto shall have become vested, and (c) any cash amount to be received by the Holder with respect to such Restricted Shares or Restricted Stock Units shall become payable, all in accordance with the terms of the applicable Agreement. Any such Restricted Shares, Restricted Stock Units, Retained Distributions, and any unpaid Dividend Equivalents that shall not become vested shall be forfeited to the Company, and the Holder shall not thereafter have any rights (including dividend and voting rights) with respect to such Restricted Shares, Restricted Stock Units, Retained Distributions, and any unpaid Dividend Equivalents that shall have been so forfeited. The Board may, in its discretion, provide that the delivery of any Restricted Shares, Restricted Stock Units, Retained Distributions, and unpaid Dividend Equivalents that shall have become vested, and payment of any related cash amounts that shall have become payable under this Article VIII, shall be deferred until such date or dates as the recipient may elect. Any election of a recipient pursuant to the preceding sentence shall be filed in writing with the Board in accordance with such rules and regulations, including any deadline for the making of such an election, as the Board may provide, and shall be made in compliance with Section 409A of the Code.

ARTICLE IX
Stock Awards in Lieu of Cash Director Fees

9.1 *General.* Each Nonemployee Director shall have the option to elect to receive shares of one or more series of Common Stock, as prescribed by the Board, in lieu of all or part of the Director Compensation otherwise payable by the Company during each calendar quarter. Subject to any applicable Purchase Restriction as described in Section 9.3, to the extent a Nonemployee Director has elected in writing to receive stock in lieu of Director Compensation, such Nonemployee Director will receive shares of Common Stock on the last day of the calendar quarter for which the Director Compensation was earned. The Director Compensation shall be converted to a number of shares of Common Stock equal in value to such Director Compensation based on the Fair Market Value of such shares on the last day of the calendar quarter for which the Director Compensation would otherwise be payable to the Nonemployee Director, with any fractional shares paid in cash. For this purpose, if the last day of the calendar quarter is not a trading day, then Fair Market Value shall be determined as of the next succeeding trading day. Any shares issued in lieu of Director Compensation shall be issued free of all restrictions except as required by law.

9.2 *Timing of Election.* A Nonemployee Director's election pursuant to Section 9.1 must be made no later than the 30th calendar day (or such other day as the Board may prescribe) prior to the end of the calendar quarter to which the election applies in accordance with the procedures established by the Board. Once an election is made with respect to a particular calendar

quarter, it may not be withdrawn or substituted unless the Board determines, in its sole discretion, that the withdrawal or substitution is occasioned by an extraordinary or unanticipated event.

9.3 *Election Void During Restricted Period*. If, on the date shares would be purchased pursuant to an election under Section 9.1, there is in place any restriction under applicable law (including a blackout period under the Sarbanes-Oxley Act of 2002) or the rules of the principal national securities exchange on which shares of the applicable series of Common Stock are traded (a "Purchase Restriction") which would prohibit the Nonemployee Director from making such a purchase, then such shares shall be purchased on the first trading day following the lapse or removal of the Purchase Restriction based on the Fair Market Value of the shares on such trading day.

9.4 *Conditions*. Nothing contained herein shall preclude the Board, in its sole discretion, from imposing conditions on any election made under Section 9.1, including the conditions described in Section 9.3.

ARTICLE X
General Provisions

10.1 *Acceleration of Awards.*

(a) *Death or Disability*. If a Holder's service shall terminate by reason of death or Disability, notwithstanding any contrary waiting period, installment period, vesting schedule, or Restriction Period in any Agreement or in the Plan, unless the applicable Agreement provides otherwise: (i) in the case of an Option or SAR, each outstanding Option or SAR granted under the Plan shall immediately become exercisable in full in respect of the aggregate number of shares covered thereby; (ii) in the case of Restricted Shares, the Restriction Period applicable to each such Award of Restricted Shares shall be deemed to have expired and all such Restricted Shares and any related Retained Distributions shall become vested and any related cash amounts payable pursuant to the applicable Agreement shall be adjusted in such manner as may be provided in the Agreement; and (iii) in the case of Restricted Stock Units, the Restriction Period applicable to each such Award of Restricted Stock Units shall be deemed to have expired and all such Restricted Stock Units and any unpaid Dividend Equivalents shall become vested and any related cash amounts payable pursuant to the applicable Agreement shall be adjusted in such manner as may be provided in the Agreement.

(b) *Approved Transactions; Board Change; Control Purchase*. In the event of any Approved Transaction, Board Change or Control Purchase, notwithstanding any contrary waiting period, installment period, vesting schedule, or Restriction Period in any Agreement or in the Plan, unless the applicable Agreement provides otherwise: (i) in the case of an Option or SAR, each such outstanding Option or SAR granted under the Plan shall become exercisable in full in respect of the aggregate number of shares covered thereby; (ii) in the case of Restricted Shares, the Restriction Period applicable to each such Award of Restricted Shares shall be deemed to have expired and all such Restricted Shares and any related Retained Distributions shall become vested and any related cash amounts payable pursuant to the applicable Agreement shall be adjusted in such manner as may be

provided in the Agreement; and (iii) in the case of Restricted Stock Units, the Restriction Period applicable to each such Award of Restricted Stock Units shall be deemed expired and all such Restricted Stock Units and any unpaid Dividend Equivalents shall become vested and any related cash amounts payable pursuant to the applicable Agreement shall be adjusted in such manner as may be provided in the Agreement, in each case effective upon the Board Change or Control Purchase or immediately prior to consummation of the Approved Transaction. Notwithstanding the foregoing, unless otherwise provided in the applicable Agreement, the Board may, in its discretion, determine that any or all outstanding Awards of any or all types granted pursuant to the Plan will not vest or become exercisable on an accelerated basis in connection with an Approved Transaction if effective provision has been made for the taking of such action which, in the opinion of the Board, is equitable and appropriate to substitute a new Award for such Award or to assume such Award and to make such new or assumed Award, as nearly as may be practicable, equivalent to the old Award (before giving effect to any acceleration of the vesting or exercisability thereof), taking into account, to the extent applicable, the kind and amount of securities, cash, or other assets into or for which the applicable series of Common Stock may be changed, converted, or exchanged in connection with the Approved Transaction.

10.2 *Termination of Service.*

(a) *General.* If a Holder's service shall terminate prior to an Option or SAR becoming exercisable or being exercised (or deemed exercised, as provided in Section 7.2), in full, or during the Restriction Period with respect to any Restricted Shares or any Restricted Stock Units, then such Option or SAR shall thereafter become or be exercisable, and the Holder's rights to any unvested Restricted Shares, Retained Distributions and related cash amounts and any unvested Restricted Stock Units, unpaid Dividend Equivalents and related cash amounts shall thereafter vest, in each case solely to the extent provided in the applicable Agreement; *provided, however,* that, unless otherwise determined by the Board and provided in the applicable Agreement, (i) no Option or SAR may be exercised after the scheduled expiration date thereof; (ii) if the Holder's service terminates by reason of death or Disability, the Option or SAR shall remain exercisable for a period of at least one year following such termination (but not later than the scheduled expiration of such Option or SAR); and (iii) any termination of the Holder's service for cause will be treated in accordance with the provisions of Section 10.2(b). For the avoidance of doubt, in the discretion of the Board, an Award may provide that a Holder's service shall be deemed to have continued for purposes of the Award while a Holder provides services to the Company, any Subsidiary, or any former affiliate of the Company or any Subsidiary.

(b) *Termination for Cause*. If a Holder's service on the Board shall be terminated by the Company during the Restriction Period with respect to any Restricted Shares or Restricted Stock Units, or prior to any Option or SAR becoming exercisable or being exercised in full, for "cause" (for these purposes, cause shall include, but not be limited to, insubordination, dishonesty, incompetence, moral turpitude, other misconduct of any kind, and the refusal to perform such Holder's duties and responsibilities for any reason other than illness or incapacity; *provided, however,* that if such termination occurs within 12 months after an Approved Transaction or Control Purchase or Board Change,

termination for cause shall mean only a felony conviction for fraud, misappropriation, or embezzlement), then, unless otherwise determined by the Board and provided in the applicable Agreement, (i) all Options and SARs held by such Holder shall immediately terminate and (ii) such Holder's rights to all Restricted Shares, Restricted Stock Units, Retained Distributions, any unpaid Dividend Equivalents and any related cash amounts shall be forfeited immediately.

10.3 *Nonalienation of Benefits*. Except as set forth herein, no right or benefit under the Plan shall be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance, or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities, or torts of the Person entitled to such benefits.

10.4 *Written Agreement*. Each Award under the Plan shall be evidenced by a written agreement, in such form as the Board shall approve from time to time in its discretion, specifying the terms and provisions of such Award which may not be inconsistent with the provisions of the Plan; *provided*, *however*, that if more than one type of Award is made to the same Holder, such Awards may be evidenced by a single Agreement with such Holder. Each grantee of an Option, SAR, Restricted Shares or Restricted Stock Units shall be notified promptly of such grant, and a written Agreement shall be promptly delivered by the Company. Any such written Agreement may contain (but shall not be required to contain) such provisions as the Board deems appropriate (i) to insure that the penalty provisions of Section 4999 of the Code will not apply to any stock or cash received by the Holder from the Company or (ii) to provide cash payments to the Holder to mitigate the impact of such penalty provisions upon the Holder. Any such Agreement may be supplemented or amended from time to time as approved by the Board as contemplated by Section 10.6(b).

10.5 *Nontransferability*. Unless otherwise determined by the Board and expressly provided for in an Agreement, Awards are not transferable (either voluntarily or involuntarily), before or after a Holder's death, except as follows: (a) during the Holder's lifetime, pursuant to a Domestic Relations Order, issued by a court of competent jurisdiction, that is not contrary to the terms and conditions of the Plan or any applicable Agreement, and in a form acceptable to the Board; or (b) after the Holder's death, by will or pursuant to the applicable laws of descent and distribution, as may be the case. Any person to whom Awards are transferred in accordance with the provisions of the preceding sentence shall take such Awards subject to all of the terms and conditions of the Plan and any applicable Agreement.

10.6 *Termination and Amendment.*

(a) *General*. Unless the Plan shall theretofore have been terminated as hereinafter provided, no Awards may be made under the Plan on or after the fifth anniversary of the Effective Date. The Plan may be terminated at any time prior to such date and may, from time to time, be suspended or discontinued or modified or amended if such action is deemed advisable by the Board.

(b) *Modification*. No termination, modification or amendment of the Plan may, without the consent of the Person to whom any Award shall theretofore have been granted, adversely affect the rights of such Person with respect to such Award. No modification, extension, renewal, or other change in any Award granted under the Plan shall be made after the grant of such Award, unless the same is consistent with the provisions of the Plan. With the consent of the Holder and subject to the terms and conditions of the Plan (including Section 10.6(a)), the Board may amend outstanding Agreements with any Holder, including any amendment which would (i) accelerate the time or times at which the Award may be exercised and/or (ii) extend the scheduled expiration date of the Award. Without limiting the generality of the foregoing, the Board may, but solely with the Holder's consent unless otherwise provided in the Agreement, agree to cancel any Award under the Plan and grant a new Award in substitution therefor, provided that the Award so substituted shall satisfy all of the requirements of the Plan as of the date such new Award is made. Nothing contained in the foregoing provisions of this Section 10.6(b) shall be construed to prevent the Board from providing in any Agreement that the rights of the Holder with respect to the Award evidenced thereby shall be subject to such rules and regulations as the Board may, subject to the express provisions of the Plan, adopt from time to time or impair the enforceability of any such provision.

10.7 *Government and Other Regulations.* The obligation of the Company with respect to Awards shall be subject to all applicable laws, rules, and regulations and such approvals by any governmental agencies as may be required, including the effectiveness of any registration statement required under the Securities Act of 1933, and the rules and regulations of any securities exchange or association on which the Common Stock may be listed or quoted. For so long as any series of Common Stock are registered under the Exchange Act, the Company shall use its reasonable efforts to comply with any legal requirements (i) to maintain a registration statement in effect under the Securities Act of 1933 with respect to all shares of the applicable series of Common Stock that may be issuable, from time to time, to Holders under the Plan and (ii) to file in a timely manner all reports required to be filed by it under the Exchange Act.

10.8 *Withholding*. The Company's obligation to deliver shares of Common Stock or pay cash in respect of any Award under the Plan shall be subject to applicable federal, state, and local tax withholding requirements. Federal, state, and local withholding tax due at the time of an Award, upon the exercise of any Option or SAR or upon the vesting of, or expiration of restrictions with respect to, Restricted Shares or Restricted Stock Units, as appropriate, may, in the discretion of the Board, be paid in shares of Common Stock already owned by the Holder or through the withholding of shares otherwise issuable to such Holder, upon such terms and conditions (including the conditions referenced in Section 6.5) as the Board shall determine. If the Holder shall fail to pay, or make arrangements satisfactory to the Board for the payment to the Company of, all such federal, state and local taxes required to be withheld by the Company, then the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to such Holder an amount equal to any federal, state, or local taxes of any kind required to be withheld by the Company with respect to such Award.

10.9 *Nonexclusivity of the Plan*. The adoption of the Plan by the Board shall not be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including the granting of stock options and the awarding

of stock and cash otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

10.10 *Exclusion from Other Plans*. By acceptance of an Award, unless otherwise provided in the applicable Agreement, each Holder shall be deemed to have agreed that such Award is special incentive compensation that will not be taken into account, in any manner, as compensation or bonus in determining the amount of any payment under any pension, retirement or other benefit plan, program, or policy of the Company or any Subsidiary of the Company. In addition, each beneficiary of a deceased Holder shall be deemed to have agreed that such Award will not affect the amount of any life insurance coverage, if any, provided by the Company on the life of the Holder which is payable to such beneficiary under any life insurance plan of the Company or any Subsidiary of the Company. Director Compensation elected to be received in the form of stock in lieu of cash shall be treated as regular compensation for purposes of any Director retirement or life insurance plan.

10.11 *Unfunded Plan*. Neither the Company nor any Subsidiary of the Company shall be required to segregate any cash or any shares of Common Stock which may at any time be represented by Awards, and the Plan shall constitute an “unfunded” plan of the Company. Except as provided in Article VIII with respect to Awards of Restricted Shares and except as expressly set forth in an Agreement, no Holder shall have voting or other rights with respect to the shares of Common Stock covered by an Award prior to the delivery of such shares. Neither the Company nor any Subsidiary of the Company shall, by any provisions of the Plan, be deemed to be a trustee of any shares of Common Stock or any other property, and the liabilities of the Company and any Subsidiary of the Company to any Holder pursuant to the Plan shall be those of a debtor pursuant to such contract obligations as are created by or pursuant to the Plan, and shall be limited to those of a general creditor of the Company or the applicable Subsidiary of the Company, as the case may be. In its sole discretion, the Board may authorize the creation of trusts or other arrangements to meet the obligations of the Company under the Plan, *provided, however*, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

10.12 *Governing Law*. The Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware.

10.13 *Accounts*. The delivery of any shares of Common Stock and the payment of any amount in respect of an Award shall be for the account of the Company or the applicable Subsidiary of the Company, as the case may be, and any such delivery or payment shall not be made until the recipient shall have paid or made satisfactory arrangements for the payment of any applicable withholding taxes as provided in Section 10.8.

10.14 *Legends*. Any statement of ownership evidencing shares of Common Stock subject to an Award shall bear such legends as the Board deems necessary or appropriate to reflect or refer to any terms, conditions, or restrictions of the Award applicable to such shares, including any to the effect that the shares represented thereby may not be disposed of unless the Company has received an opinion of counsel, acceptable to the Company, that such disposition will not violate any federal or state securities laws.

10.15 *Company's Rights*. The grant of Awards pursuant to the Plan shall not affect in any way the right or power of the Company to make reclassifications, reorganizations, or other changes of or to its capital or business structure or to merge, consolidate, liquidate, sell, or otherwise dispose of all or any part of its business or assets.

10.16 *Section 409A*. It is the intent of the Company that Awards under this Plan comply with the requirements of, or be exempt from the application of, Section 409A of the Code and related regulations and United States Department of the Treasury pronouncements ("Section 409A"), and the provisions of this Plan will be administered, interpreted and construed accordingly. Notwithstanding anything in this Plan to the contrary, if any Plan provision or Award under the Plan would result in the imposition of an additional tax under Section 409A, that Plan provision or Award will be construed or reformed to avoid imposition of the applicable tax and no action taken to comply with Section 409A shall be deemed to adversely affect the Holder's rights to an Award.

Exhibit 21

Entity Name	Domicile
1227844 Ontario Ltd.	Ontario
Affiliate Distribution & Mktg., Inc.	DE
Affiliate Investment, Inc.	DE
Affiliate Relations Holdings, Inc.	DE
Alta Wind CL II, LLC	DE
Alta Wind CL IV, LLC	DE
AMI 2, Inc.	DE
ASO Holdings Company LLC	DE
Back Country.com, LLC	DE
BCY Holdings Inc.	DE
Big Horn Alternative Energy, LLC	DE
Bodybuilding.com EU B.V. (fka BLE BV)	Netherlands
Bodybuilding.com, LLC	DE
Bodybuilding.com Sociedad De Responsiabilidad Limitada	Costa Rica
Bodybuilding.com (UK) LTD	England
California Voices, LLC (fka QVC Voices, LLC)	DE
CDirect Mexico I, Inc.	DE
CDirect Mexico II, Inc.	DE
Celebrate Interactive LLC	DE
Centennial Rural Development, inc.	DE
Commerce Technologies, Inc. [dba Commerce Hub]	NY
CommerceHub (UK) LTD.	England
CommerceHub, Inc.	DE
Cool Kicks Media, LLC	DE
Diamonique Canada Holdings, Inc.	DE
DMS DE, Inc.	DE
ER Development International, Inc. (dba QVC International Development)	PA
ER Marks, Inc.	DE
eStyle, LLC	DE
Evite, Inc.	DE
GC Marks, Inc. (fka TATV, Inc.)	DE
Higher Power Nutrition Common Holdings, LLC	DE
Hopkins Real Estate Investments, LLC	ID
IC Marks, Inc.	DE
IM Experience, Inc.	PA
Influence Marketing Corp (dba QVC @ theMall) [Unlimited Liability Corp.]	Nova Scotia
Influence Marketing Services, Inc.	Ontario

Innovative Retailing, Inc.	DE
iQVC GmbH	Germany
Liberty Acorns, LLC	DE
Liberty Alta IV, Inc.	DE
Liberty Alta, Inc.	DE
Liberty Alternative Energy, LLC	DE
Liberty CDE Investments, Inc.	DE
Liberty Clean Fuels, Inc.	DE
Liberty Clean Fuels 2, LLC	DE
Liberty Digital Commerce, LLC	DE
Liberty Interactive Advertising, LLC (dba Liberty Advertising)	DE
Liberty Interactive LLC	DE
Liberty Israel Venture Fund II, LLC	DE
Liberty Protein, Inc.	DE
Liberty Quid, LLC	DE
Liberty QVC Holding, LLC	DE
Liberty Solar Energy, LLC	DE
Liberty USA Holdings, LLC	DE
Liberty USVI Energy, Inc.	DE
LIC Britco, LLC	DE
LIC Israel Investment, LLC	DE
LIC Sound, LLC	DE
LIC Ventures Marginco	DE
LMC Lockerz, LLC	DE
LMC Right Start, Inc.	DE
LMC Social, LLC	DE
Monroe Fuels Company, LLC	DE
NSTBC, Inc.	DE
Provide Gifts, Inc.	DE
QC Marks, Inc.	DE
QDirect Ventures, Inc. (fka Qdirect, Inc.)	DE
QExhibits, Inc.	DE
QHealth, Inc.	DE
QLocal, Inc. (fka QVC Local, Inc.)[dba QVC Productions; QVC Remote Productions]	DE
QVC Brazil Holdings II, S.à.r.l.	Luxembourg
QVC Britain [English Unlimited Liability Company]	UK
QVC Britain I Limited [English limited liability company]	UK
QVC Britain I, LLC (fka QVC Britain I, Inc.)	DE
QVC Britain II, LLC (fka QVC Britain II, Inc.)	DE
QVC Britain III, Inc.	DE

QVC Call Center GmbH & Co. KG	Germany
QVC Call Center Vërwaltungs-GmbH	Germany
QVC Cayman Holdings LLC	DE
QVC Cayman, Ltd.	Cayman
QVC Chesapeake, Inc.	VA
QVC China Holdings Limited	Hong Kong
QVC China Licensing, Inc.(fka AI 2, Inc.)	DE
QVC China, Inc.	DE
QVC Delaware, Inc.	DE
QVC Deutschland GP, Inc.	DE
QVC Deutschland Holdings LLC	DE
QVC eDistribution Inc. & Co. KG	Germany
QVC eProperty Management GmbH & Co. KG	Germany
QVC eService Inc. & Co. KG	Germany
QVC France Holdings, S.à.r.l.	Luxembourg
QVC France SAS	France
QVC Germany I LLC (fka QVC Germany I, Inc.)	DE
QVC Germany II LLC (fka QVC Germany II, Inc.)	DE
QVC Global DDGS, Inc.	DE
QVC Global Holdings I, Inc.	DE
QVC Global Holdings II, Inc.	DE
QVC Grundstücksverwaltungs GmbH	Germany
QVC GV Real Estate GmbH & Co. KG	Germany
QVC Handel LLC & Co. KG	Germany
QVC HK Holdings, LLC	DE
QVC Iberia, S.L.	Spain
QVC India, Ltd.	DE
QVC Information and Technologies (Shenzhen) Co., Ltd	China
QVC International Ltd. (fka QVC International LLC) (fka QVC International, Inc.)	Bermuda
QVC International Management GP LLC	DE
QVC Italia S.r.l. [Italian limited liability company]	Italy
QVC Italy Holdings, LLC	DE
QVC Japan Holdings, Inc.	DE
QVC Japan Services, LLC (fka QVC Japan Services, Inc.)	DE
QVC Japan, Inc.	Japan
QVC Lux Holdings, LLC	DE
QVC Mexico II, Inc.	DE
QVC Mexico III, Inc.	DE
QVC Mexico, Inc.	DE
QVC Ontario Holdings, LLC	DE
QVC Ontario, LLC	DE

QVC of Thailand, Inc.	DE
QVC Pension Trustee Limited	UK
QVC Properties, Ltd.	UK
QVC Realty, Inc.	PA
QVC Rocky Mount, Inc.	NC
QVC RS Naples, Inc.	FL
QVC San Antonio, LLC (fka QVC San Antonio, Inc.)	TX
QVC Satellite, Inc.	Japan
QVC Shop International, Inc. (fka EZShop International, Inc.)	DE
QVC St. Lucie, Inc.	FL
QVC STT Holdings, LLC	DE
QVC Studio GmbH	Germany
QVC Suffolk, LLC (fka QVC Suffolk, Inc.) (fka CVN Distribution Co., Inc.; C.O.M.B. Distribution Co.)	VA
QVC UK (formerly QVC)	
QVC UK Holdings Limited	England-Wales
QVC, Inc.	DE
QVC-QRT, Inc.	DE
RS Marks, Inc.	DE
RS Mebane, Inc.	NC
RS Myrtle Beach, Inc.	SC
Savor North Carolina, Inc.	NC
Send the Trend, Inc.	DE
Sphere, LLC	ID
TOBH, Inc.	DE
zulily Canada, inc.	British Columbia
zulily Ireland Limited	Ireland
zulily UK Ltd.	UK
zulily, llc (f/k/a zulily, Inc.)	DE

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Liberty Interactive Corporation:

We consent to the incorporation by reference in the following registration statements of Liberty Interactive Corporation and subsidiaries (the Company) of our reports dated February 26, 2016, with respect to the consolidated balance sheets of the Company as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2015, and the effectiveness of internal control over financial reporting as of December 31, 2015, which reports appear in the December 31, 2015 annual report on Form 10-K of the Company.

Description	Registration Statement No.	Description
S-8	333-134114	Liberty Interactive Corporation 2002 Nonemployee Director Incentive Plan (Amended 11/7/11)
S-8	333-134115	Liberty Interactive Corporation 2000 Incentive Plan (Amended 11/7/11)
S-8	333-142626	Liberty Interactive Corporation 2007 Incentive Plan (Amended 11/7/11)
S-8	333-171192	Liberty Interactive Corporation 2000 Incentive Plan (Amended 11/7/11)
S-8	333-171193	Liberty Interactive Corporation 2007 Incentive Plan (Amended 11/7/11)
S-8	333-172512	Liberty Interactive Corporation 2007 Incentive Plan (Amended 11/7/11)
S-8	333-176989	Liberty Interactive 401(k) Savings Plan
S-8	333-177840	Liberty Interactive Corporation 2011 Nonemployee Director Incentive Plan (Amended and Restated as of 12/17/15)
S-8	333-177841	Liberty Interactive Corporation 2010 Incentive Plan (Amended 11/7/11)
S-8	333-177842	Liberty Interactive Corporation 2007 Incentive Plan (Amended 11/7/11)
S-8	333-184901	Liberty Interactive Corporation 2012 Incentive Plan (Amended and Restated as of 3/31/15)
S-8	333-184905	Liberty Interactive Corporation 2011 Nonemployee Director Incentive Plan (Amended and Restated as of 12/17/15)
S-8	333-184904	Liberty Interactive Corporation 2011 Nonemployee Director Incentive Plan (Amended and Restated as of 12/17/15)

S-8	333-184902	Liberty Interactive Corporation 2010 Incentive Plan (As Amended and Restated Effective 11/7/11)
S-8	333-184903	Liberty Interactive Corporation 2010 Incentive Plan (As Amended and Restated Effective 11/7/11)
S-8	333-183434	Liberty Interactive Corporation 2007 Incentive Plan (As Amended and Restated Effective 11/7/11)
S-8	333-183433	Liberty Interactive Corporation 2002 Nonemployee Director Incentive Plan (As Amended and Restated Effective 11/7/11)
S-8	333-183432	Liberty Interactive Corporation 2000 Incentive Plan (As Amended and Restated Effective 11/7/11)
S-8	333-183253	Liberty Media 401(k) Savings Plan
S-8	333-201010	Liberty Interactive Corporation 2010 Incentive Plan (As Amended and Restated Effective 11/7/11)
S-8	333-202436	Liberty Interactive Corporation 2012 Incentive Plan (Amended and Restated as of March 31, 2015)
S-8	333-204879	Liberty Interactive Corporation 2012 Incentive Plan (Amended and Restated as of March 31, 2015)
S-8	333-207326	zulily, inc. 2009 Equity Incentive Plan and zulily, inc. 2013 Equity Plan

Our report on the consolidated financial statements refers to a change in the classification of deferred taxes.

Our report dated February 26, 2016, on the effectiveness of internal control over financial reporting as of December 31, 2015, expresses our opinion that the Company did not maintain effective internal control over financial reporting as of December 31, 2015 because of the effect of a material weakness on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states a material weakness related to the design and operating effectiveness of information technology controls and the associated information produced by the Company's wholly-owned subsidiary, QVC, Inc. has been identified and included in management's assessment.

Our report dated February 26, 2016, on the effectiveness of internal control over financial reporting as of December 31, 2015, contains an explanatory paragraph that states the Company acquired zulily, inc. ("zulily") during 2015, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2015, zulily's internal control over financial reporting associated with total assets of $2.7 billion and total revenues of $426 million included in the consolidated financial statements of Liberty Interactive Corporation and subsidiaries as of and for the year ended December 31, 2015. Our audit of internal control over financial reporting of the Company also excluded an evaluation of internal control over financial reporting of zulily.

/s/ KPMG LLP

Denver, Colorado
February 26, 2016

Exhibit 31.1

CERTIFICATION

I, Gregory B. Maffei, certify that:

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

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements and other financial information included in this annual 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 annual 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 we 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 annual 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 annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and

   d) disclosed in this annual 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 function):

   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: February 26, 2016

/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 annual report on Form 10-K of Liberty Interactive Corporation;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements and other financial information included in this annual 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 annual 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 we 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 annual 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 annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and

d) disclosed in this annual 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 function):

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: February 26, 2016

/s/ CHRISTOPHER W. SHEAN

Christopher W. Shean
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 Annual Report on Form 10-K for the year ended December 31, 2015 (the "Form 10-K") 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-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2016	/s/ GREGORY B. MAFFEI
	Gregory B. Maffei *President and Chief Executive Officer*
Date: February 26, 2016	/s/ CHRISTOPHER W. SHEAN
	Christopher W. Shean *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-K or as a separate disclosure document.

Exhibit 99.1

Unaudited Attributed Financial Information for Tracking Stock Groups

Our QVC Group common stock is intended to reflect the separate performance of ourQVC Group, which, subsequent to the reattribution, is comprised of our subsidiaries, QVC, Inc. ("QVC") and zulily (defined below) (as of October 1, 2015), and our interest in HSN, Inc. Our Liberty Ventures common stock is intended to reflect the separate performance of our Ventures Group which, subsequent to the reattribution, consists of our on-line commerce businesses, Bodybuilding.com, LLC ("Bodybuilding"), CommerceHub, Evite, Inc. ("Evite"), Provide Commerce, Inc. ("Provide") (through December 31, 2014) and Backcountry.com, Inc. ("Backcountry") (through June 30, 2015) (collectively, the "Digital Commerce" companies), and our interest in equity method investments of Expedia, Inc , FTD Companies, Inc. ("FTD"), Interval Leisure Group, Inc. and LendingTree, Inc. ("LendingTree"), and available-for-sale securities Time Warner, Time Warner Cable and AOL.

As discussed in note 2 to the accompanying consolidated financial statements, on October 3, 2014, theQVC Group (referred to as the "Interactive Group" prior to the reattribution) attributed to the Ventures Group its Digital Commerce businesses, 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 on October 20, 2014, and the Liberty Interactive common stock began trading ex-dividend on October 15, 2014. The Interactive Group is referred to as the QVC Group subsequent to the reattribution. The reattribution of the Digital Commerce companies is presented on a prospective basis from the date of the reattribution in Liberty's consolidated financial statements, with October 1, 2014 used as a proxy for the date of the reattribution.

Additionally, as discussed in note 6 and note 9 of the accompanying consolidated financial statements, Liberty's former wholly-owned subsidiary, Provide, was sold to FTD on December 31, 2014, in exchange for cash and shares of FTD common stock representing approximately 35% of the combined company. Subsequent to completion of the transaction, Liberty accounts for FTD as an equity-method affiliate based on the ownership level and board representation. Given our significant continuing involvement with FTD, Provide is not presented as a discontinued operation in the consolidated financial statements of Liberty.

As discussed in note 6 of the accompanying 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.

As discussed in note 5 of the accompanying 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 $2.3 billion. 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.

The following tables present our assets and liabilities as of December 31,2015 and 2014 and revenue, expenses and cash flows for the three years ended December 31, 2015, 2014 and 2013. The earnings attributed to the QVC Group and Ventures Group for purposes of those financial statements only relate to the period after the tracking stocks were issued. The financial information in this Exhibit should be read in conjunction with our consolidated financial statements for the year ended December 31, 2015 included in this Annual Report on Form 10-K.

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

		December 31, 2015	December 31, 2014
		amounts in millions	
Summary balance sheet data:			
Current assets	$	2,827	2,584
Investments in affiliates, accounted for using the equity method	$	208	375
Intangible assets not subject to amortization, net	$	9,358	7,634
Total assets	$	15,141	12,770
Long-term debt, including current portion	$	6,535	5,817
Deferred tax liabilities	$	1,359	834
Attributed net assets	$	5,195	4,280

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Summary operations data:			
Revenue	$ 9,169	10,028	10,219
Cost of sales	(5,847)	(6,378)	(6,533)
Operating expenses	(620)	(719)	(732)
Selling, general and administrative expenses (1)	(875)	(1,075)	(1,140)
Depreciation and amortization	(657)	(643)	(629)
Impairment of intangible assets	—	(7)	(30)
Operating income (loss)	1,170	1,206	1,155
Interest expense	(283)	(312)	(290)
Share of earnings (losses) of affiliates, net	55	51	48
Realized and unrealized gains (losses) on financial instruments, net	42	(22)	(12)
Gains (losses) on transactions, net	—	—	(1)
Gains (losses) on dilution of investments in affiliates (note 3)	—	(2)	4
Other income (expense), net	(6)	(41)	(58)
Income tax benefit (expense)	(304)	(306)	(346)
Earnings (loss) from continuing operations	674	574	500
Earnings (loss) from discontinued operations, net of taxes	—	(15)	(17)
Net earnings (loss)	674	559	483
Less net earnings (loss) attributable to noncontrolling interests	34	39	45
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 640	520	438

(1) Includes stock-based compensation of $60 million, $83 million and $110 million for the years ended December 31,2015, 2014 and 2013, respectively.

SUMMARY ATTRIBUTED FINANCIAL DATA (Continued)

Ventures Group

	December 31, 2015	December 31, 2014
	amounts in millions	
Summary balance sheet data:		
Cash and cash equivalents	$ 2,023	1,884
Short term marketable securities	$ 898	868
Investments in available-for-sale securities and other cost investments	$ 1,349	1,220
Investments in affiliates, accounted for using the equity method	$ 1,433	1,258
Intangible assets not subject to amortization, net	$ 127	259
Long-term debt, including current portion	$ 2,172	2,191
Deferred tax liabilities	$ 2,143	1,987
Attributed net assets (liabilities)	$ 1,592	1,393

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Summary operations data:			
Revenue	$ 820	471	—
Cost of sales	(546)	(306)	—
Operating expenses	(79)	(37)	—
Selling, general and administrative expenses (1)	(203)	(127)	(19)
Depreciation and amortization	(46)	(19)	—
Operating income (loss)	(54)	(18)	(19)
Interest expense	(77)	(75)	(90)
Share of earnings (losses) of affiliates, net	(115)	(12)	(15)
Realized and unrealized gains (losses) on financial instruments, net	72	(35)	(10)
Gains (losses) on transactions, net	110	74	—
Gains (losses) on dilution of investments in affiliates (note 3)	314	—	(3)
Other, net	25	22	28
Income tax benefit (expense)	(38)	48	163
Earnings (loss) from continuing operations	237	4	54
Earnings (loss) from discontinued operations, net of taxes	—	63	43
Net earnings (loss)	237	67	97
Less net earnings (loss) attributable to noncontrolling interests	8	50	34
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 229	17	63

(1) Includes stock-based compensation of $67 million, $25 million and $8 million for the years ended December 31, 2015, 2014 and 2013, respectively.

BALANCE SHEET INFORMATION

December 31, 2015

(unaudited)

	Attributed (note 1)		
	QVC Group	Ventures Group	Consolidated Liberty
	amounts in millions		
Assets			
Current assets:			
Cash and cash equivalents	$ 426	2,023	2,449
Trade and other receivables, net	1,379	64	1,443
Inventory, net	945	55	1,000
Short-term marketable securities	12	898	910
Other current assets	65	8	73
Total current assets	2,827	3,048	5,875
Investments in available-for-sale securities and other cost investments (note 2)	4	1,349	1,353
Investments in affiliates, accounted for using the equity method (note 3)	208	1,433	1,641
Property and equipment, net	1,104	36	1,140
Intangible assets not subject to amortization, net	9,358	127	9,485
Intangible assets subject to amortization, net	1,607	40	1,647
Other assets, at cost, net of accumulated amortization	33	6	39
Total assets	$ 15,141	6,039	21,180
Liabilities and Equity			
Current liabilities:			
Intergroup payable (receivable)	$ 45	(45)	—
Accounts payable	736	26	762
Accrued liabilities	745	39	784
Current portion of debt (note 4)	358	868	1,226
Other current liabilities	219	109	328
Total current liabilities	2,103	997	3,100
Long-term debt (note 4)	6,177	1,304	7,481
Deferred income tax liabilities	1,359	2,143	3,502
Other liabilities	209	13	222
Total liabilities	9,848	4,457	14,305
Equity/Attributed net assets (liabilities)	5,195	1,592	6,787
Noncontrolling interests in equity of subsidiaries	98	(10)	88
Total liabilities and equity	$ 15,141	6,039	21,180

BALANCE SHEET INFORMATION

December 31, 2014

(unaudited)

	Attributed (note 1)		
	QVC Group	Ventures Group	Consolidated Liberty
	amounts in millions		
Assets			
Current assets:			
Cash and cash equivalents	$ 422	1,884	2,306
Trade and other receivables, net	1,196	36	1,232
Inventory, net	882	167	1,049
Short-term marketable securities	21	868	889
Other current assets	63	9	72
Total current assets	2,584	2,964	5,548
Investments in available-for-sale securities and other cost investments (note 2)	4	1,220	1,224
Investments in affiliates, accounted for using the equity method (note 3)	375	1,258	1,633
Property and equipment, net	1,026	67	1,093
Intangible assets not subject to amortization, net	7,634	259	7,893
Intangible assets subject to amortization, net	1,130	55	1,185
Other assets, at cost, net of accumulated amortization	17	5	22
Total assets	$ 12,770	5,828	18,598
Liabilities and Equity			
Current liabilities:			
Intergroup payable (receivable)	$ (5)	5	—
Accounts payable	629	106	735
Accrued liabilities	688	55	743
Current portion of debt (note 4)	9	937	946
Other current liabilities	269	74	343
Total current liabilities	1,590	1,177	2,767
Long-term debt (note 4)	5,808	1,254	7,062
Deferred income tax liabilities	834	1,987	2,821
Other liabilities	157	11	168
Total liabilities	8,389	4,429	12,818
Equity/Attributed net assets (liabilities)	4,280	1,393	5,673
Noncontrolling interests in equity of subsidiaries	101	6	107
Total liabilities and equity	$ 12,770	5,828	18,598

STATEMENT OF OPERATIONS INFORMATION

Year ended December 31, 2015

(unaudited)

	Attributed (note 1)		
	QVC Group	Ventures Group	Consolidated Liberty
	amounts in millions		
Total revenue, net	$ 9,169	820	9,989
Operating costs and expenses:			
Cost of retail sales (exclusive of depreciation shown separately below)	5,847	546	6,393
Operating	620	79	699
Selling, general and administrative, including stock-based compensation (note 5)	875	203	1,078
Depreciation and amortization	657	46	703
	7,999	874	8,873
Operating income (loss)	1,170	(54)	1,116
Other income (expense):			
Interest expense	(283)	(77)	(360)
Share of earnings (losses) of affiliates, net (note 3)	55	(115)	(60)
Realized and unrealized gains (losses) on financial instruments, net	42	72	114
Gains (losses) on transactions, net	—	110	110
Gains (losses) on dilution of investments in affiliates (note 3)	—	314	314
Other, net	(6)	25	19
	(192)	329	137
Earnings (loss) from continuing operations before income taxes	978	275	1,253
Income tax benefit (expense)	(304)	(38)	(342)
Net earnings (loss)	674	237	911
Less net earnings (loss) attributable to noncontrolling interests	34	8	42
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 640	229	869

STATEMENT OF OPERATIONS INFORMATION

Year ended December 31, 2014

(unaudited)

	Attributed (note 1)		
	QVC Group	Ventures Group	Consolidated Liberty
	amounts in millions		
Total revenue, net	$ 10,028	471	10,499
Operating costs and expenses:			
Cost of retail sales (exclusive of depreciation shown separately below)	6,378	306	6,684
Operating	719	37	756
Selling, general and administrative, including stock-based compensation (note 5)	1,075	127	1,202
Depreciation and amortization	643	19	662
Impairment of intangible assets	7	—	7
	8,822	489	9,311
Operating income (loss)	1,206	(18)	1,188
Other income (expense):			
Interest expense	(312)	(75)	(387)
Share of earnings (losses) of affiliates, net (note 3)	51	(12)	39
Realized and unrealized gains (losses) on financial instruments, net	(22)	(35)	(57)
Gains (losses) on transactions, net	—	74	74
Gains (losses) on dilution of investments in affiliates (note 3)	(2)	—	(2)
Other, net	(41)	22	(19)
	(326)	(26)	(352)
Earnings (loss) from continuing operations before income taxes	880	(44)	836
Income tax benefit (expense)	(306)	48	(258)
Earnings (loss) from continuing operations, net of taxes	574	4	578
Earnings (loss) from discontinued operations, net of taxes	(15)	63	48
Net earnings (loss)	559	67	626
Less net earnings (loss) attributable to noncontrolling interests	39	50	89
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 520	17	537

STATEMENT OF OPERATIONS INFORMATION

Year ended December 31, 2013

(unaudited)

	Attributed (note 1)		
	QVC Group	Ventures Group	Consolidated Liberty
	amounts in millions		
Total revenue, net	$ 10,219	—	10,219
Operating costs and expenses:			
Cost of retail sales (exclusive of depreciation shown separately below)	6,533	—	6,533
Operating	732	—	732
Selling, general and administrative, including stock-based compensation (note 5)	1,140	19	1,159
Depreciation and amortization	629	—	629
Impairment of intangible assets	30	—	30
	9,064	19	9,083
Operating income (loss)	1,155	(19)	1,136
Other income (expense):			
Interest expense	(290)	(90)	(380)
Share of earnings (losses) of affiliates, net (note 3)	48	(15)	33
Realized and unrealized gains (losses) on financial instruments, net	(12)	(10)	(22)
Gains (losses) on transactions, net	(1)	—	(1)
Gains (losses) on dilution of investments in affiliates (note 3)	4	(3)	1
Other, net	(58)	28	(30)
	(309)	(90)	(399)
Earnings (loss) before income taxes	846	(109)	737
Income tax benefit (expense)	(346)	163	(183)
Earnings (loss) from continuing operations	500	54	554
Earnings (loss) from discontinued operations, net of taxes	(17)	43	26
Net earnings (loss)	483	97	580
Less net earnings (loss) attributable to noncontrolling interests	45	34	79
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 438	63	501

STATEMENT OF CASH FLOWS INFORMATION

Year ended December 31, 2015

(unaudited)

	Attributed (note 1)		
	QVC Group	Ventures Group	Consolidated Liberty
	amounts in millions		
Cash flows from operating activities:			
Net earnings (loss)	$ 674	237	911
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	657	46	703
Stock-based compensation	60	67	127
Cash payments for stock-based compensation	—	(16)	(16)
Excess tax benefit from stock-based compensation	(24)	(9)	(33)
Noncash interest expense	6	(1)	5
Share of (earnings) losses of affiliates, net	(55)	115	60
Cash receipts from returns on equity investments	22	30	52
Realized and unrealized (gains) losses on financial instruments, net	(42)	(72)	(114)
(Gains) losses on transactions, net	—	(110)	(110)
(Gains) losses on dilution of investments in affiliates	—	(314)	(314)
(Gains) losses on extinguishment of debt	21	—	21
Deferred income tax expense (benefit)	(122)	173	51
Intergroup tax allocation	141	(141)	—
Intergroup tax payments	(101)	101	—
Other noncash charges (credits), net	(14)	(2)	(16)
Changes in operating assets and liabilities			
Current and other assets	(245)	8	(237)
Payables and other liabilities	3	(47)	(44)
Net cash provided (used) by operating activities	981	65	1,046
Cash flows from investing activities:			
Cash paid for acquisitions, net of cash acquired	(824)	(20)	(844)
Cash proceeds from dispositions	—	271	271
Investment in and loans to cost and equity investees	—	(143)	(143)
Cash receipts from returns of equity investments	200	50	250
Capital expended for property and equipment	(218)	(40)	(258)
Purchases of short term investments and other marketable securities	(184)	(1,186)	(1,370)
Sales of short term investments and other marketable securities	193	1,166	1,359
Other investing activities, net	(76)	—	(76)
Net cash provided (used) by investing activities	(909)	98	(811)
Cash flows from financing activities:			
Borrowings of debt	3,969	589	4,558
Repayments of debt	(3,244)	(567)	(3,811)
Repurchases of QVC Group common stock	(785)	—	(785)
Minimum withholding taxes on net share settlements of stock-based compensation	(25)	(5)	(30)
Excess tax benefit from stock-based compensation	24	9	33
Purchase of noncontrolling interest	—	(33)	(33)
Other financing activities, net	(4)	(17)	(21)
Net cash provided (used) by financing activities	(65)	(24)	(89)
Effect of foreign currency exchange rates on cash	(3)	—	(3)
Net increase (decrease) in cash and cash equivalents	4	139	143
Cash and cash equivalents at beginning of period	422	1,884	2,306
Cash and cash equivalents at end of period	$ 426	2,023	2,449

STATEMENT OF CASH FLOWS INFORMATION

Year ended December 31, 2014

(unaudited)

	Attributed (note 1)		
	QVC Group	Ventures Group	Consolidated Liberty
		amounts in millions	
Cash flows from operating activities:			
Net earnings (loss)	$ 559	67	626
Adjustments to reconcile net earnings to net cash provided by operating activities:			
(Earnings) loss from discontinued operations	15	(63)	(48)
Depreciation and amortization	643	19	662
Stock-based compensation	83	25	108
Cash payments for stock-based compensation	(13)	(2)	(15)
Excess tax benefit from stock-based compensation	(20)	(1)	(21)
Noncash interest expense	6	—	6
Share of losses (earnings) of affiliates, net	(51)	12	(39)
Cash receipts from return on equity investments	22	23	45
Realized and unrealized gains (losses) on financial instruments, net	22	35	57
(Gains) losses on transactions, net	—	(74)	(74)
(Gains) losses on dilution of investments in affiliates	2	—	2
(Gains) losses on extinguishment of debt	48	—	48
Impairment of intangible assets	7	—	7
Deferred income tax (benefit) expense	(160)	119	(41)
Intergroup tax allocation	169	(169)	—
Intergroup tax payments	(388)	388	—
Other noncash charges (credits), net	(5)	1	(4)
Changes in operating assets and liabilities			
Current and other assets	(80)	(4)	(84)
Payables and other current liabilities	345	60	405
Net cash provided (used) by operating activities	1,204	436	1,640
Cash flows from investing activities:			
Cash proceeds from dispositions	—	163	163
Investments in and loans to cost and equity investees	(4)	(87)	(91)
Capital expended for property and equipment	(226)	(15)	(241)
Purchases of short term and other marketable securities	(73)	(791)	(864)
Sales of short term investments and other marketable securities	52	539	591
Other investing activities, net	(30)	14	(16)
Net cash provided (used) by investing activities	(281)	(177)	(458)
Cash flows from financing activities:			
Borrowings of debt	4,360	146	4,506
Repayments of debt	(3,563)	(186)	(3,749)
Intergroup receipts (payments), net	(1,035)	1,035	—
Repurchases of Liberty Interactive common stock	(785)	—	(785)
Minimum withholding taxes on net share settlements of stock-based compensation	(25)	(1)	(26)
Excess tax benefit from stock-based compensation	20	1	21
Other financing activities, net	(8)	(25)	(33)
Net cash provided (used) by financing activities	(1,036)	970	(66)
Effect of foreign currency rates on cash	(46)	—	(46)
Net cash provided (used) by discontinued operations:			
Cash provided (used) by operating activities	(20)	293	273
Cash provided (used) by investing activities	—	(194)	(194)
Cash provided (used) by financing activities	3	368	371
Change in available cash held by discontinued operations	3	(119)	(116)
Net cash provided (used) by discontinued operations	(14)	348	334
Net increase (decrease) in cash and cash equivalents	(173)	1,577	1,404
Cash and cash equivalents at beginning of period	595	307	902
Cash and cash equivalents at end period	$ 422	1,884	2,306

STATEMENT OF CASH FLOWS INFORMATION
Year ended December 31, 2013
(unaudited)

	Attributed (note 1)		
	QVC Group	Ventures Group	Consolidated Liberty
	amounts in millions		
Cash flows from operating activities:			
Net earnings (loss)	$ 483	97	580
Adjustments to reconcile net earnings to net cash provided by operating activities:			
(Earnings) loss from discontinued operations	17	(43)	(26)
Depreciation and amortization	629	—	629
Stock-based compensation	110	8	118
Cash payments for stock-based compensation	(8)	—	(8)
Excess tax benefit from stock-based compensation	(13)	—	(13)
Noncash interest expense	12	1	13
Share of losses (earnings) of affiliates, net	(48)	15	(33)
Cash receipts from return on equity investments	16	19	35
Realized and unrealized gains (losses) on financial instruments, net	12	10	22
(Gains) losses on transactions, net	1	—	1
(Gains) losses on dilution of investments in affiliates	(4)	3	(1)
(Gains) losses on extinguishment of debt	57	—	57
Impairment of intangible assets	30	—	30
Deferred income tax (benefit) expense	(132)	110	(22)
Intergroup tax allocation	272	(272)	—
Intergroup tax payments	(52)	52	—
Other noncash charges (credits), net	(10)	8	(2)
Changes in operating assets and liabilities			
Current and other assets	(81)	(3)	(84)
Payables and other current liabilities	(306)	37	(269)
Net cash provided (used) by operating activities	985	42	1,027
Cash flows from investing activities:			
Cash proceeds from dispositions	1	1,136	1,137
Investments in and loans to cost and equity investees	(4)	(380)	(384)
Capital expended for property and equipment	(291)	—	(291)
Cash paid for acquisitions, net of cash acquired	(24)	—	(24)
Purchases of short term investments and other marketable securities	—	(959)	(959)
Sales of short term investments and other marketable securities	—	400	400
Other investing activities, net	(38)	(3)	(41)
Net cash provided (used) by investing activities	(356)	194	(162)
Cash flows from financing activities:			
Borrowings of debt	3,520	841	4,361
Repayments of debt	(3,052)	(2,363)	(5,415)
Repurchases of Liberty common stock	(1,089)	—	(1,089)
Minimum withholding taxes on net share settlements of stock-based compensation	(21)	—	(21)
Excess tax benefit from stock-based compensation	13	—	13
Other financing activities, net	(57)	—	(57)
Net cash provided (used) by financing activities	(686)	(1,522)	(2,208)
Effect of foreign currency rates on cash	(24)	—	(24)
Net cash provided (used) by discontinued operations:			
Cash provided (used) by operating activities	(13)	346	333
Cash provided (used) by investing activities	(6)	(192)	(198)
Cash provided (used) by financing activities	(1)	(171)	(172)
Change in available cash held by discontinued operations	(2)	17	15
Net cash provided (used) by discontinued operations	(22)	—	(22)
Net increase (decrease) in cash and cash equivalents	(103)	(1,286)	(1,389)
Cash and cash equivalents at beginning of period	698	1,593	2,291
Cash and cash equivalents at end period	$ 595	307	902

Notes to Attributed Financial Information

(unaudited)

(1) 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 on October 20, 2014, and the Liberty Interactive common stock began trading ex-dividend on October 15, 2014. The reattribution of the Digital Commerce companies is presented on a prospective basis from the date of the reattribution in Liberty's consolidated financial statements, with October 1, 2014 used as a proxy for the date of the reattribution. Accordingly, the financial results of the Digital Commerce companies are reflected in the QVC Group through the period ending September 30, 2014 and are reflected in the Ventures group for the period beginning October 1, 2014.

Subsequent to the reattribution, the QVC Group is comprised of our consolidated subsidiaries, QVC and zulily (as of October 1, 2015), and our interest in HSN, Inc. 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 and zulily. 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 between the QVC Group and the Ventures Group as described in note 5 below.

The QVC Group is primarily comprised of 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.

Subsequent to the reattribution, 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., FTD, Interval Leisure Group, Inc. and LendingTree and available-for-sale securities, Time Warner and Time Warner Cable. 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.

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:

	December 31, 2015	December 31, 2014
	amounts in millions	
QVC Group		
Other cost investments	$ 4	4
Total QVC Group	4	4
Ventures Group		
Time Warner Inc.	284	375
Time Warner Cable Inc.	994	815
Other AFS investments	71	30
Total Ventures Group	1,349	1,220
Consolidated Liberty	$ 1,353	1,224

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

	December 31, 2015			Share of earnings (losses)		
				Years ended December 31,		
	Percentage ownership	Carrying value	Market value	2015	2014	2013
	dollar amounts in millions					
QVC Group						
HSN, Inc. (2)	38 %	$ 165	1,014	64	60	61
Other	various	43	N/A	(9)	(9)	(13)
Total QVC Group		208		55	51	48
Ventures Group						
Expedia, Inc. (1)(2)	16 %	927	2,934	118	58	31
FTD (3)	37 %	267	267	(83)	N/A	N/A
Other (4)	various	239	N/A	(150)	(70)	(46)
Total Ventures Group		1,433		(115)	(12)	(15)
Consolidated Liberty		$ 1,641		(60)	39	33

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(1) Liberty owns an approximate 16% equity interest and 52% voting interest in Expedia. Liberty has entered into governance arrangements pursuant to which Mr. Barry Diller, Chairman of the Board and Senior Executive Officer of Expedia, may vote its interests of Expedia, subject to certain limitations. Additionally, through our governance arrangements with Mr. Diller, we have the right to appoint and have appointed 20% of the members of Expedia's board of directors, which is currently comprised of 13 members. Therefore, we determined based on these arrangements that we have significant influence through our arrangements with Expedia and have accounted for the investment as an equity method affiliate. The increase in our share of Expedia's earnings during the year ended December 31, 2015 is primarily due to our share of a significant gain recognized by Expedia related to the sale of one of its subsidiaries.

(2) During the years ended December 31, 2015, 2014 and 2013, Expedia, Inc. paid dividends aggregating $20 million, $15 million and $13 million, respectively and HSN, Inc. ("HSNi") paid dividends of $228 million, $22 million and $16 million during the years ended December 31, 2015, 2014 and 2013, respectively, which were recorded as reductions to the investment balances. Dividends from HSNi during the year ended December 31, 2015 included a special dividend of $10 per share from which Liberty received approximately $200 million in cash.

(3) FTD acquired Liberty's formerly wholly-owned subsidiary, Provide, on December 31, 2014. In exchange for Provide, Liberty received approximately 10.2 million shares of FTD common stock representing approximately 35% 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. The carrying value of Liberty's investment in FTD was impaired to the fair value (based on the closing price (level 1)) as of December 31, 2015.

(4) The Other category for the Ventures Group is comprised of investments in LendingTree, Interval Leisure Group, alternative energy investments and other investments. The alternative energy investments generally operate at a loss but provide favorable tax attributes recorded through the income tax (expense) benefit line item in the consolidated statement of operations. During the year ended December 31, 2015, Liberty recorded an impairment of approximately $98 million, based on a discounted cash flow valuation (level 3), related to one of its alternative energy investments which has underperformed operationally.

Liberty recognized gains on dilution of investments in affiliates of $314 million during the year ended December 31, 2015, losses of $2 million during the year ended December 31, 2014 and gains of $1 million during the year ended December 31, 2013. The significant dilution gain in 2015 is due to an acquisition by Expedia that was executed through the issuance of stock. This diluted Liberty's ownership percentage at a price greater than our basis.

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

	December 31, 2015	
	Outstanding principal	Carrying value
	amounts in millions	
QVC Group		
Corporate level notes and debentures		
8.5% Senior Debentures due 2029	$ 287	285
8.25% Senior Debentures due 2030	504	501
1% Exchangeable Senior Debentures due 2043	346	349
Subsidiary level notes and facilities		
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 4.85% 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	1,815	1,815
Other subsidiary debt	72	72
Deferred loan costs		(34)
Total QVC Group	6,574	6,535
Ventures Group		
Corporate level debentures		
4% Exchangeable Senior Debentures due 2029	437	257
3.75% Exchangeable Senior Debentures due 2030	437	275
3.5% Exchangeable Senior Debentures due 2031	346	312
0.75% Exchangeable Senior Debentures due 2043	850	1,287
Subsidiary level notes and facilities		
Other subsidiary debt	41	41
Total Ventures Group	2,111	2,172
Total consolidated Liberty debt	$ 8,685	8,707
Less debt classified as current		(1,226)
Total long-term debt		7,481

(5) Cash compensation expense for our corporate employees will be allocated among 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 was determined to be$20 million, $18 million and $11 million for the years ended December 31, 2015, 2014 and 2013, 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, therefore, as it relates to periods prior to the LMC Split-Off (as defined in note 1 to the accompanying consolidated financial statements), no stock compensation expense was recognized by the Ventures 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) We have accounted for income taxes for the QVC Group and the Ventures Group in the accompanying attributed financial information in a manner similar to a stand-alone company basis. To the extent this methodology differs from our tax sharing policy, differences have been reflected in the attributed net assets of the groups.

QVC Group

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Current:			
Federal	$ (331)	(325)	(370)
State and local	(20)	(31)	(26)
Foreign	(75)	(110)	(82)
	$ (426)	(466)	(478)
Deferred:			
Federal	$ 101	143	195
State and local	14	12	(57)
Foreign	7	5	(6)
	122	160	132
Income tax benefit (expense)	$ (304)	(306)	(346)

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 35% as a result of the following:

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Computed expected tax benefit (expense)	$ (343)	(308)	(296)
State and local income taxes, net of federal income taxes	(12)	(14)	(24)
Foreign taxes, net of foreign tax credits	(5)	(2)	(7)
Sale of consolidated subsidiary	—	14	—
Change in valuation allowance affecting tax expense	2	2	(23)
Impairment of intangible assets not deductible for tax purposes	—	(3)	(2)
Dividends received deductions	49	4	5
Impact of change in state rate on deferred taxes	(4)	1	3
Other, net	9	—	(2)
Income tax benefit (expense)	$ (304)	(306)	(346)

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are presented below:

	December 31,	
	2015	2014
	amounts in millions	
Deferred tax assets:		
Net operating and capital loss carryforwards	$ 44	40
Foreign tax credit carryforwards	71	88
Accrued stock compensation	39	18
Other accrued liabilities	161	177
Other future deductible amounts	150	154
Deferred tax assets	465	477
Valuation allowance	(44)	(46)
Net deferred tax assets	421	431
Deferred tax liabilities:		
Intangible assets	1,765	1,242
Other deferred tax liabilities	15	23
Deferred tax liabilities	1,780	1,265
Net deferred tax liabilities	$ 1,359	834

The Company's deferred tax assets and liabilities are reported in the accompanying balance sheet information as follows:

Ventures Group

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Current:			
Federal	$ 140	168	273
State and local	(6)	(1)	—
Foreign	1	—	—
	$ 135	167	273
Deferred:			
Federal	$ (168)	(84)	(214)
State and local	(6)	(35)	104
Foreign	1	—	—
	(173)	(119)	(110)
Income tax benefit (expense)	$ (38)	48	163

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 35% as a result of the following:

	Years ended December 31,		
	2015	2014	2013
	amounts in millions		
Computed expected tax benefit (expense)	$ (96)	15	38
State and local income taxes, net of federal income taxes	(12)	7	9
Foreign taxes, net of foreign tax credits	1	—	—
Impact of change in state rate on deferred taxes	(3)	(29)	63
Change in valuation allowance affecting tax expense	4	(4)	(4)
Dividends received deductions	7	6	4
Alternative energy tax credits	61	58	54
Other, net	—	(5)	(1)
Income tax benefit (expense)	$ (38)	48	163

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are presented below:

	December 31, 2015	December 31, 2014
	amounts in millions	
Deferred tax assets:		
Net operating and capital loss carryforwards	$ 55	50
Accrued stock compensation	44	24
Other future deductible amounts	18	15
Deferred tax assets	117	89
Valuation allowance	(4)	(8)
Net deferred tax assets	113	81
Deferred tax liabilities:		
Investments	908	746
Intangible assets	23	43
Discount on exchangeable debentures	1,129	1,022
Deferred gain on debt retirements	193	257
Other deferred tax liabilities	3	—
Deferred tax liabilities	2,256	2,068
Net deferred tax liabilities	$ 2,143	1,987

Intergroup payable (receivable)

The intergroup balances, at December 31,2015 and 2014, are primarily a result of timing of tax benefits.

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

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

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

December 31, 2015

(unaudited)

amounts in millions

Liberty Interactive Corporation Net Assets	$	6,875
Reconciling items:		
zulily net assets		(1,944)
LINT put option obligations		—
LINT LLC Net Assets	$	4,931
Liberty Interactive Corporation Net Earnings	$	911
Reconciling items:		
zulily net (earnings) loss		34
General and administrative expenses		1
Liberty Interactive LLC Net Earnings	$	946