
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Dividends and Securities Distributions

The Registrant is permitted to pay dividends on Liberty Ventures common stock out of the lesser of its assets legally available for the payment of dividends under Delaware law and the "Ventures Group Available Dividend Amount" (defined generally as the excess of the to mi she éssøof theh a f ed to pãt f theh at

effecting a mandatory dividend, redemption or conversion under the Registrant's charter.

The Registrant may not redeem outstanding shares of Liberty Ventures common stock for shares of common stock of a subsidiary that holds assets and liabilities attributed to the Ventures Group unless its board of directors seeks and receives the approval to such redemption of holders of Liberty Ventures common stock, voting together as a separate class, and, if such subsidiary also holds assets and liabilities of the Interactive Group, the approval of holders of Liberty Interactive common stock to the corresponding Liberty Interactive common stock redemption, with each affected group voting as a separate class.

The Registrant's charter imposes supermajority voting requirements in connection with certain charter amendments and other extraordinary transactions which have not been approved by 75% of the directors then in office. When these requirements apply, the threshold vote required is 66 / % of the aggregate voting power of Registrant's outstanding voting securities, voting together as a single class.

Inter-Group Interest

From time to time, the Registrant's board may determine to create an inter-group interest in the Interactive Group in favor of the Ventures Group, or vice versa, subject to the terms of the Registrant's charter.

If the Interactive Group has an inter-group interest in the Ventures Group at such time as any extraordinary action is taken with respect to the Liberty Ventures common stock (such as the payment of a dividend, a share distribution, the redemption of such stock for stock of a subsidiary or an action required to be taken in connection with a disposition of all or substantially all of the Ventures Group's assets), the Registrant's board will consider what actions are required, or permitted, to be taken under the Registrant's charter with respect to the Interactive

Group's inter-group interest in the Ventures Group. For example, in some instances, the Registrant's board may determine that a portion of the aggregate consideration that is available for distribution to holders of Liberty Ventures common stock must be allocated to the Interactive Group to compensate the Interactive Group on a pro rata basis for its interest in the Ventures Group.

Similarly, if the Ventures Group has an inter-group interest in the Interactive Group at such time as any extraordinary action is taken with respect to the Liberty Interactive common stock (such as the payment of a dividend, a share distribution, the redemption of such stock for stock of a subsidiary or an action required to be taken in connection with a disposition of all or substantially all of the Interactive Group's assets), the Registrant's board will consider what actions are required, or permitted, to be taken under the Registrant's charter with respect to the Ventures Group's inter-group interest in the Interactive Group.

All such board determinations will be made in accordance with the Registrant's charter and applicable Delaware law.

Neither the Ventures Group nor the Interactive Group is expected to have an inter-group interest in the other at the effective time of the charter.

- the voting rights, if any, of the holders of the series;
- the terms and conditions, if any, for the Registrant's to purchase or redeem the shares of the series; and
- any other relative rights, preferences and limitations of the series.

The Registrant believes that the ability of its board of directors to authorize the issuance of one or more series of preferred stock will provide flexibility in structuring possible future financing and acquisitions and in meeting other corporate needs which might arise. The authorized shares of the Registrant's preferred stock will be available for issuance without further action by its stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which the Registrant's securities may be listed or traded.

Although the Registrant has no intention at the present time of doing so, it could issue a series of preferred stock that could, depending on the terms of such series, impede the completion of a merger, tender offer or other takeover attempt. The Registrant's board will make any determination to issue such shares based upon its judgment as to the best interests of its stockholders. The Registrant's board of directors, in so acting, could issue preferred stock having terms that could discourage an acquisition attempt through which an acquirer may be able to change the composition of its board of directors, including a tender offer or other transaction that some, or a majority, of its stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over the then-current market price of the stock.

Board of Directors

The Registrant's charter provides that, subject to any rights of the holders of any series of preferred stock to elect additional directors, the number of its directors will not be less than three and the exact number will be fixed from time to time by a resolution of its board. The members of the Registrant's board, other than those who may be elected by holders of any preferred stock, will be divided into three classes. Each class consists, as nearly as possible, of a number of directors equal to one-third of the then authorized number of board members. The term of office of the Class I directors of the Registrant will expire at the annual meeting of stockholders in 2014. The term of office of Class II directors of the Registrant will expire at the annual meeting of stockholders in 2012. The term of office of Class III directors of the Registrant will expire at the annual meeting of stockholders in 2013.

At each annual meeting of stockholders, the successors of that class of directors whose term expires at that meeting will be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. The directors of each class will hold office until their respective successors are elected and qualified or until such director's earlier death, resignation or removal.

The Registrant's charter provides that, subject to the rights of the holders of any series of preferred stock, directors may be removed from office only for cause upon the affirmative vote of the holders of at least a majority of the aggregate voting power of the Registrant's outstanding capital stock entitled to vote at an election of directors, voting together as a single class.

The Registrant's charter provides that, subject to the rights of the holders of any series of preferred stock, vacancies on its board resulting from death, resignation, removal, disqualification or other cause, and newly created directorships resulting from any increase in the number of directors on its board, will be filled only by the affirmative vote of a majority of the remaining directors then in office (even though less than a quorum) or by the sole remaining director. Any director so elected will hold office for the remainder of the full term.



· its merger or consolidation with or into any other corporation, provided, that the foregoing voting provision will not apply to any such merger or consolidation (1) as to get
