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

FORM 10-Q

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

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LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(unaudited)

	September 30, 2016	December 31, 2015
	amounts in millions	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 505	2,449
Trade and other receivables, net of allowance for doubtful accounts of \$92 million and \$87 million, respectively	848	1,443
Inventory, net	1,189	1,000
Short term marketable securities (note 6)	—	910
Other non-current assets	154	73
Total current assets	2,696	5,875
Investments in available-for-sale securities and other cost investments (note 7)	1,819	1,353
Investments in affiliates, accounted for using the equity method (note 8)	1,545	1,641
Investment in Liberty Broadband measured at fair value (note 8)	3,051	—
Property and equipment, at cost	2,309	2,124
Accumulated depreciation	(1,098)	(984)
	1,211	1,140
Intangible assets not subject to amortization (note 9):		
Goodwill		

[Redacted]

[Redacted]

[Redacted]

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LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

December 15, 2016. The Company has determined there is no significant effect of the standard on its ongoing financial reporting.

In September 2015, the FASB issued new accounting guidance which eliminates the requirement for an acquirer in a business combination to account for measurement-period adjustments retrospectively. Instead, acquirers must recognize measurement-period adjustments during the period in which they determine the amounts, including the effect on earnings of any amounts that would have been recorded in previous periods if the accounting had been completed at the acquisition date. The Company adopted this guidance in the first quarter of 2016. The adoption of this guidance did not have a material impact on our condensed consolidated financial statements and related disclosures.

In January 2016, the FASB issued new accounting guidance that is intended to improve the recognition and measurement of equity instruments. The new guidance requires equity investments with readily determinable fair values (e.g., publicly traded equity securities) to be measured at fair value and reported as equity investments on the balance sheet. The new guidance also requires equity investments with readily determinable fair values to be reported as equity investments on the balance sheet. The new guidance also requires equity investments with readily determinable fair values to be reported as equity investments on the balance sheet.



LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

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discussion of a disposed business) and interests in Expedia, Inc. (until November 4, 2016), FTD Companies, Inc. ("FTD"), LendingTree, Inc., and Liberty Broadband Corporation ("Liberty Broadband"), available-for-sale securities in Charter Communications, Inc., Interval Leisure Group, Inc. and Time Warner Inc. ("Time Warner"), as well as cash and cash equivalents of approximately \$157 million at September 30, 2016. The Ventures Group also has attributed to it certain liabilities related to our Exchangeable Debentures (see note 10) and certain deferred tax liabilities. The Ventures Group is primarily focused on the maximization of the value of these investments and investments in new business opportunities.

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, 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. Funding for the \$1.2 billion cash portion of the consideration came from cash on hand at zulily and a distribution from QVC funded by a drawdown under its revolving credit facility (see note 10). zulily is an online retail company that provides customers a fun and entertaining shopping experience.

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Notes to Condensed Consolidated Financial Statements

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of \$5 million for the three months ended September 30, 2016 and 2015, respectively, and earnings of \$4 million and losses of \$6 million for the nine months ended September 30, 2016 and 2015, respectively, related to Commerce



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to the Liberty Ventures Award (as so adjusted, an “Adjusted Liberty Ventures Award”) and (ii) a corresponding equity award relating to shares of the corresponding series of CommerceHub common stock, as well as Series C CommerceHub common stock (in each case, a “CommerceHub Award”); and

- II. Each other holder of a Liberty Ventures Award received only an adjustment to the exercise price (for an Original Ventures Option) and the number of shares subject to the Liberty Ventures Award (also referred to as an “Adjusted Liberty Ventures Award”).

The exercise prices of Original Ventures Options and number of shares subject to the Adjusted Liberty Ventures Awards and the CommerceHub Awards were determined based on 1) the exercise prices and number of shares subject to the Liberty Ventures Award, 2) the distribution ratios used in the Spin-Off, 3) the pre-Spin-Off trading price of the Liberty Ventures common stock and 4) the post-Spin-Off trading prices of Liberty Ventures common stock and CommerceHub common stock, such that all of the pre-Spin-Off intrinsic value of the Liberty Ventures Award was allocated between the Adjusted Liberty Ventures Award and the CommerceHub Award, or fully to the Adjusted Liberty Ventures Award. The adjustment related to the CommerceHub Spin-Off was considered a modification under ASC 718 – *Stock Compensation*.

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(unaudited)

traded Liberty options. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

Liberty—Outstanding Awards

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

	QVC Group			
	Series A (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2016	31,482	\$ 19.57		
Granted	3,714	\$ 26.09		
Exercised	(3,646)	\$ 14.08		
Forfeited/Cancelled	(766)	\$ 28.73		
Outstanding at September 30, 2016	30,784	\$ 20.78	4.6 years	\$ 70
Exercisable at September 30, 2016	18,407	\$ 18.08	3.5 years	\$ 59

	QVC Group			
	Series B (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2016	778	\$ 29.79		
Granted	730	\$ 25.11		
Exercised	—	\$ —		
Forfeited/Cancelled	(19)	\$ 29.41		
Outstanding at September 30, 2016	1,489	\$ 27.50	5.9 years	\$ 44
Exercisable at September 30, 2016	112	\$ 29.41	5.5 years	\$ —

	Liberty Ventures			
	Series A (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (upF)

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Liberty Ventures

1,500

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- (2) On May 12, 2016, Interval Leisure Group (“Interval”) completed an acquisition which was accomplished, in part, through the issuance of 2.4 million shares of Interval common stock to the Interval owners. The acquisition was accounted for as a business combination under the purchase method of accounting.

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that exercised their right to surrender their 1% Exchangeable Senior Debentures. Liberty funded the purchase with borrowings under the Third Amended and Restated Credit Agreement. As the 1% Exchangeable Senior Debentures were refinanced on a long-term basis subsequent to September 30, 2016, they are classified as long-term as of September 30, 2016.

Debt Covenants

Liberty, QVC and zulily are in compliance with all debt covenants at September 30, 2016.

Other Subsidiary Debt

Other subsidiary debt at September 30, 2016 is comprised of capitalized satellite transponder lease obligations and bank debt of certain subsidiaries.

Fair Value of Debt

Liberty estimates the fair value of its debt based on the quoted market prices for the same or similar issues or on the current rate offered to Liberty for debt of the same remaining maturities (Level 2). The fair value of Liberty's publicly traded debt securities that are not reported at fair value in the accompanying condensed consolidated balance sheet at September 30, 2016 are as follows (amounts in millions):

Senior debentures	\$ 866
QVC senior secured notes	1,122



The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto and our Annual Report on Form 10-K for the year ended December 31, 2015.

See note 1 in the accompanying condensed consolidated financial statements for an overview of new accounting standards that we have adopted or that we plan to adopt that have had or may have an impact on our financial statements.

Overview

We own controlling and non-controlling interests in a broad range of video and on-line commerce companies. Our largest bŌaŌatio.



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 reporting segments. The "Corporate and other" category consists of those assets or businesses which we do not disclose separately, including Bodybuilding, Evite, CommerceHub (through July 22, 2016) and Backcountry (through June 30, 2015), which are included in the Ventures Group. For a more detailed discussion and analysis of the financial results of the principal reporting segments, see "Results of Operations—Businesses" below.

Operating Results

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
amounts in millions				
<i>Revenue</i>				
QVC Group				
QVC	\$ 1,948	2,007	6,024	5,943
zulily	359	NA	1,080	NA
Inter-segment eliminations	(4)	NA	(10)	NA
Total QVC Group	2,303	2,007	7,094	5,943
Ventures Group				
Corporate and other	109	146	391	676
Total Ventures Group	109	146	391	676
Consolidated Liberty	\$ 2,412	2,153	7,485	6,619
<i>Operating Income (Loss)</i>				
QVC Group				
QVC	\$ 231	280	799	820
zulily	(52)	NA	(138)	NA
Corporate and other	(12)	(16)	(34)	(35)
Total QVC Group	167	264	627	785
Ventures Group				
Corporate and other	(10)	(17)	(31)	(33)
Total Ventures Group	(10)	(17)	(31)	(33)
Consolidated Liberty	\$ 157	247	596	752
<i>Adjusted OIBDA</i>				
QVC Group				
QVC	\$ 393	430	1,271	1,286
zulily	18	NA	72	NA
Corporate and other	(5)	(9)	(17)	(19)
Total QVC Group	406	421	1,326	1,267
Ventures Group				
Corporate and other				
Consolidated Liberty				

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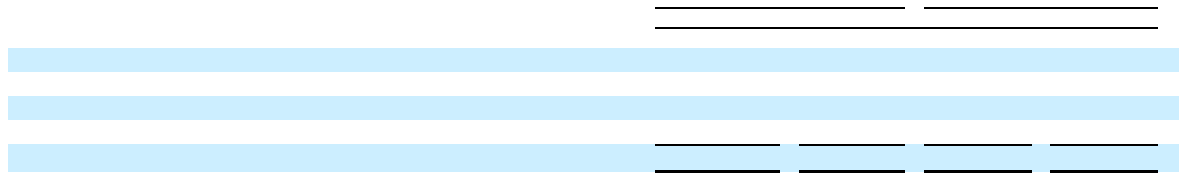
Stock-based compensation. Stock-based compensation includes compensation related to (1) options, restricted awards and restricted stock units for shares of our common stock that are granted to certain of our officers and employees and (2) phantom stock appreciation rights ("PSARs") granted to officers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

We recorded \$20 million and \$37 million of stock-based compensation for the three months ended September 30, 2016 and 2015, respectively. We recorded \$75 million and \$81 million of stock-based compensation for the nine months ended September 30, 2016 and 2015, respectively. The decrease of \$17 million for the three months ended September 30, 2016 was primarily due to a \$20 million decrease at CommerceHub due to a smaller change in company value and the ownership change, partially offset by the acquisition of zulily (\$5 million) and a release of \$6 million for the nine months ended September 30, 2016 when compared to a \$21 million decrease at CommerceHub partially offset by the acquisition of zulily (\$16 million). As of September 30, 2016, the total unrecognized compensation cost related to unvested Liberty equity awards was approximately \$138 million. Such amount will be recognized in our consolidated financial statements over a weighted average period of approximately 2.9 years.

Operating income. Our consolidated operating income decreased 36.4% or \$90 million and 20.7% or \$156 million for the three and nine months ended September 30, 2016, ..

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The change in our share of Expedia's earnings (losses) is primarily due to a one time gain recognized by Expedia related to the sale of eLong Inc. during the nine months ended September 30, 2015. The share of losses in the Other category of the Ventures Group, in all periods, is primarily related to our investments in alternative energy solution entities. These entities typically operate at a loss and we record our share of such losses. We note these entities typically have favorable tax attributes and credi@

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following discussion assumes, consistent with management expectations, that future liquidity needs of each group will be funded by the financial resources attributed to each respective group.

As of September 30, 2016, substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, other government agencies, AAA rated money market funds and other highly rated financial and corporate debt instruments.

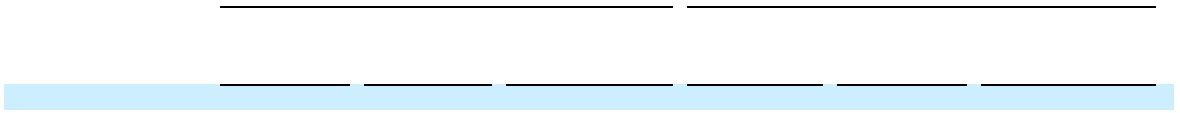
The following are potential sources of liquidity: available cash balances, cash generated by the operating activities of our wholly-owned subsidiaries (to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted such that, in the case of QVC, a leverage ratio (defined in QVC's senior secured credit facility as the ratio of QVC's consolidated total debt to Adjusted OIBDA for the most recent four fiscal quarter period and the ratio of QVC and zulily's combined debt to Adjusted OIBDA ratio for the most recent four fiscal quarter period) of less than 3.5 to 1.0 must be maintained), proceeds from asset sales, monetization of our public investment portfolio, debt (including availability under the QVC Bank Credit Facility) and equity issuances, and dividend and interest receipts.

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

As of September 30, 2016, Liberty's liquidity position consisted of the following:

sold, a \$68 million decrease in estimated product returns, \$23 million in favorable foreign currency rates in Japan which was slightly offset by unfavorable foreign currency rates in the U.K and a \$5 million increase related to product sales with zulily. The increase was partially offset by \$207 million due to a 3.0% decrease in ASP and a \$14 million decrease in shipping and handling revenue.

During the three and nine months ended September 30, 2016 and 2015, the changes in revenue and expenses were affected by changes in the exchange rates for the Japanese Yen, the Euro and the U.K. Pound Sterling. In the event the U.S. Dollar strengthens against these foreign currencies in the future, QVCZreTur 2015



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QVC's SG&A expenses include personnel, information technology, provision for doubtful accounts, production costs, credit card income, marketing and advertising expenses. Such expenses decreased \$9 million for both th Â

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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.



PART II—OTHER INFORMATION

Item 1. Legal Proceedings

None.

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

Share Repurchase Programs

On several occasions our board of directors has authorized a share repurchase program for our Series A and Series B QVC Group common stock. On each of May 5, 2006, November 3, 2006 and October 30, 2007 our board authorized the repurchase of \$1 billion of Series A and Series B Liberty Interactive common stock for a total of \$3 billion. These previous authorizations remained effective following the split-off of Liberty Media Corporation from the Company in September 2011 (“the LMC Split-Off”), notwithstanding the fact that the Liberty Interactive common stock ceased to be a tracking stock during the period following the LMC Split-Off and prior to the creation of our Liberty Ventures common stock in August 2012. On February 22, 2012 the board authorized the repurchase of an additional \$700 million of Series A and Series B Liberty Interactive common stock. Additionally, on each of October 30, 2012 and February 27, 2014, the board authorized the repurchase of an additional \$1 billion of Series A and Series B Liberty Interactive common stock. In connection with the spin-off of the Company’s former wholly owned subsidiary, Liberty TripAdvisor Holdings, Inc., during August 2014, the board authorized \$350 million for the repurchase of either the QVC Group or Liberty Ventures tracking stocks. In October 2014, the board authorized the repurchase of an additional \$650 million of Series A and Series B Liberty Ventures common stock. In August 2015, the board authorized the repurchase of an additional \$1 billion of Series A or Series B QVC Group common stock. In addition, on October 26, 2016, the board authorized the repurchase of an additional \$300 million of either the QVC Group common stock or Liberty Ventures common stock.

A summary of the repurchase activity for the three months ended September 30, 2016 is as follows:

Series A QVC Group Common Stock	
(c) Total Number of Shares Purchased as	(d) Maximum Number (or Approximate Dollar Value) of Shares that
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Item 6. Exhibits

(a) Exhibits

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

- 2.1 Reorganization Agreement, dated as of July 15, 2016, between Liberty Interactive Corporation and CommerceHub, Inc. (incorporated by reference to Exhibit 2.1 to CommerceHub, Inc.'s Current Report on Form 8-K filed on July 26, 2016 (File No. 001-38840) (the "CommerceHub 8-K")).
- 10.1 Tax Sharing Agreement, dated as of July 22, 2016, between Liberty Interactive Corporation and CommerceHub, Inc. (incorporated by reference to Exhibit 10.1 to the CommerceHub 8-K).
- 10.2 Liberty Interactive Corporation 2016 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the CommerceHub 8-K).

SIGNATURES

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

LIBERTY INTERACTIVE CORPORATION

Date: November 8, 2016

By: _____ /s/ GREGORY B. MAFFEI
Gregory B. Maffei
President and Chief Executive Officer

Date: November 8, 2016

By: _____ /s/ MARK D. CARLETON
Mark D. Carleton
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

CERTIFICATION

I, Gregory B. Maffei, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Interactive Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2016

/s/ GREGORY B. MAFFEI

Gregory B. Maffei

President and Chief Executive Officer

CERTIFICATION

I, Mark D. Carleton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Interactive Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report. I understand that this report will be filed with the Securities and Exchange Commission and the public will have access to it through the Commission's website at www.secdatabase.com. I also understand that this report will be available free of charge through the Commission's website at www.secdatabase.com.
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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SUMMARY ATTRIBUTED FINANCIAL DATA (Continued)

Ventures Group

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
	<u>amounts in millions</u>	
Summary balance sheet data:		
Cash and cash equivalents	\$ 157	2,023
Investments in available-for-sale securities and other cost investments	\$ 1,815	1,349
Investments in affiliates, accounted for using the equity method	\$ 1,319	1,433
Investment in Liberty Broadband measured at fair value	\$ 3,051	-
Total assets	\$ 6,590	6,039
Long-term debt, including current portion	\$ 1,703	2,172
Deferred income tax liabilities	\$ 2,733	2,143
Net assets attributable to Liberty Ventures common stock shareholders	\$ 2,233	1,592

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>amounts in millions</u>			
Summary operations data:				
Revenue	\$ 109	146	391	676
Cost of sales	71	92	245	461
Operating	13	16	50	62
Selling, general and administrative expenses (1)	29	46	106	149
Depreciation and amortization	6	9	21	37
Operating income (loss)	(10)	(17)	(31)	(33)
Interest expense	(19)	(18)	(57)	(58)
Share of earnings (losses) of affiliates, net	10	18	(41)	75
Realized and unrealized gains (losses) on financial instruments, net	612	40	944	70
Gains (losses) on dispositions, net	—	(1)	9	110
Other, net	(14)	11	87	20
Income tax benefit (expense)	(171)	3	(280)	(18)
Net earnings (loss)	408	36	631	166
Less net earnings (loss) attributable to noncontrolling interests	—	—	—	8
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	\$ 408	36	631	158

(1) Includes stock-based compensation of \$— million and \$21 million for the three months ended September 30, 2016 and 2015, respectively.

BALANCE SHEET INFORMATION

September 30, 2016

(unaudited)

	Attributed (note 1)		Consolidated Liberty
	QVC Group	Ventures Group	
amounts in millions			
Assets			
Current assets:			
Cash and cash equivalents	\$ 348	157	505
Trade and other receivables, net	809	39	848
Inventory, net	1,148	41	1,189
Other current assets	149	5	154
Total current assets	2,454	242	2,696
Investments in available-for-sale securities and other cost investments (note 2)	4	1,815	1,819
Investments in affiliates, accounted for using the equity method (note 3)	226	1,319	1,545
Investment in Liberty Broadband measured at fair value (note 3)	—	3,051	3,051
Property and equipment, net	1,185	26	1,211
Intangible assets not subject to amortization	9,399	107	9,506
Intangible assets subject to amortization, net	1,120	27	1,147
Other assets, at cost, net of accumulated amortization	54	3	57
Total assets	\$ 14,843	6,590	21,032
Liabilities and Equity			
Current liabilities:			
Intergroup payable (receivable) (note 7)	\$ 127	(127)	—
Accounts payable	724	8	732
Accrued liabilities	579	37	616
Current portion of debt (note 4)	13	887	900
Other current liabilities	157	10	167
Total current liabilities	1,599	805	1,404

Notes to Attributed Financial Information

(unaudited)

- (5) Cash compensation expense for our corporate employees is allocated between the QVC Group and the Ventures Group based on the estimated percentage of time spent providing services for each group. On a semi-annual basis, estimated time spent will be determined through an interview process and a review of personnel duties unless transactions significantly change the composition of companies and investments in either respective group, which would require a more timely reevaluation of estimated time spent. Other general and administrative expenses will be charged directly to the groups whenever possible and are otherwise allocated based on estimated usage or some other reasonably determined methodology. Amounts allocated from the QVC Group to the Ventures Group were determined to be \$12 million and \$5 million for the three months ended September 30, 2016 and 2015, respectively, and \$29 million and \$13 million for the nine months ended September 30, 2016 and 2015, respectively. We note that stock compensation related to each tracking stock group is determined based on actual options outstanding for each respective tracking stock group.

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

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

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

- (7) The intergroup payable (receivable) is primarily attributable to intergroup income taxes payable from the QVC Group to the Ventures Group.

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

September 30, 2016 (unaudited)

amounts in millions

Liberty Interactive Corporation Net Assets	\$	7,302
Reconciling items:		
zulily net assets		(1,686)
LINT put option obligations		5
LINT LLC Net Assets	\$	<u>5,621</u>
Liberty Interactive Corporation Net Earnings	\$	944
Reconciling items:		
zulily net (earnings) loss		85
General and administrative expenses		5
Liberty Interactive LLC Net Earnings	\$	<u>1,034</u>
