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

FORM 10-Q

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

For the quarterly period ended June 30, 2015

OR

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

For the transition period from to

Commission File Number 001-33982

LIBERTY INTERACTIVE CORPORATION
(Exact name of Registrant as specified in its charter)

State of Delaware (State or other jurisdiction of incorporation or organization)	**84-1288730** (I.R.S. Employer Identification No.)
12300 Liberty Boulevard **Englewood, Colorado** (Address of principal executive offices)	**80112** (Zip Code)

Registrant's telephone number, including area code: **(720) 875-5300**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (do not check if smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☒

The number of outstanding shares of Liberty Interactive Corporation's common stock as of July 31, 2015 was:

	Series A	Series B
QVC Group	431,719,984	29,252,683
Liberty Ventures	134,701,104	7,092,111

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LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(unaudited)

	June 30, 2015	December 31, 2014
	amounts in millions	
Assets		
Current assets:		
Cash and cash equivalents	$ 2,589	2,306
Trade and other receivables, net of allowance for doubtful accounts of$86 million and $92 million, respectively	859	1,232
Inventory, net	1,029	1,049
Short term marketable securities (note 6)	845	889
Other current assets	77	72
Total current assets	5,399	5,548
Investments in available-for-sale securities and other cost investments (note 7)	1,405	1,224
Investments in affiliates, accounted for using the equity method (note 8)	1,521	1,633
Property and equipment, at cost	1,954	2,030
Accumulated depreciation	(934)	(937)
	1,020	1,093
Intangible assets not subject to amortization (note 9):		
Goodwill	5,266	5,404
Trademarks	2,453	2,489
	7,719	7,893
Intangible assets subject to amortization, net (note 9)	1,014	1,185
Other assets, at cost, net of accumulated amortization	64	65
Total assets	$ 18,142	18,641

(continued)

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Continued)

(unaudited)

	June 30, 2015	December 31, 2014
	amounts in millions, except share amounts	
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 601	735
Accrued liabilities	615	743
Current portion of debt (note 10)	916	946
Deferred income tax liabilities	1,040	972
Other current liabilities	237	343
Total current liabilities	3,409	3,739
Long-term debt, including $2,635 million and $2,574 million measured at fair value (note 10)	7,065	7,105
Deferred income tax liabilities	1,739	1,849
Other liabilities	202	168
Total liabilities	12,415	12,861
Equity		
Stockholders' equity (note 11):		
Preferred stock, $.01 par value. Authorized 50,000,000 shares; no shares issued	—	—
Series A QVC Group common stock, $.01 par value. Authorized 4,000,000,000 shares; issued and outstanding 435,767,426 shares at June 30, 2015 and 447,451,702 shares at December 31, 2014	5	5
Series B QVC Group common stock, $.01 par value. Authorized 150,000,000 shares; issued and outstanding 29,252,683 shares at June 30, 2015 and 28,877,554 shares at December 31, 2014	—	—
Series A Liberty Ventures common stock, $.01 par value. Authorized 400,000,000 shares at June 30, 2015 and 200,000,000 shares at December 31, 2014; issued and outstanding 134,629,854 shares at June 30, 2015 and 134,525,874 shares at December 31, 2014	1	1
Series B Liberty Ventures common stock, $.01 par value. Authorized 15,000,000 shares at June 30, 2015 and 7,500,000 shares at December 31, 2014; issued and outstanding 7,092,111 shares at June 30, 2015 and 6,991,127 shares at December 31, 2014	—	—
Additional paid-in capital	—	4
Accumulated other comprehensive earnings (loss), net of taxes	(188)	(94)
Retained earnings	5,821	5,757
Total stockholders' equity	5,639	5,673
Noncontrolling interests in equity of subsidiaries	88	107
Total equity	5,727	5,780
Commitments and contingencies (note 12)		
Total liabilities and equity	$ 18,142	18,641

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Operations

(unaudited)

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
	amounts in millions			
Total revenue, net	$ 2,252	2,483	4,466	4,917
Operating costs and expenses:				
Cost of sales (exclusive of depreciation shown separately below)	1,409	1,558	2,824	3,114
Operating	198	217	389	430
Selling, general and administrative, including stock-based compensation (note 4)	215	278	419	534
Impairment of intangible assets	—	7	—	7
Depreciation and amortization	161	164	329	327
	1,983	2,224	3,961	4,412
Operating income	269	259	505	505
Other income (expense):				
Interest expense	(90)	(98)	(185)	(193)
Share of earnings (losses) of affiliates, net (note 8)	87	4	90	2
Realized and unrealized gains (losses) on financial instruments, net (note 6)	32	(41)	28	(66)
Gains (losses) on dispositions, net (note 3)	111	—	111	—
Other, net	(29)	3	(14)	10
	111	(132)	30	(247)
Earnings (loss) from continuing operations before income taxes	380	127	535	258
Income tax (expense) benefit	(122)	(40)	(125)	(80)
Net earnings (loss) from continuing operations	258	87	410	178
Earnings (loss) from discontinued operations, net of taxes	—	19	—	38
Net earnings (loss)	258	106	410	216
Less net earnings (loss) attributable to the noncontrolling interests	16	29	25	57
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 242	77	385	159
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders:				
QVC Group common stock	$ 112	105	263	215
Liberty Ventures common stock	130	(28)	122	(56)
	$ 242	77	385	159

(Continued)

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Operations (Continued)

(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Basic net earnings (losses) from continuing operations attributable to Liberty Interactive Corporation shareholders per common share (note 5):				
Series A and Series B QVC Group common stock	$ 0.24	0.23	0.56	0.46
Series A and Series B Liberty Ventures common stock	$ 0.92	(0.47)	0.87	(0.92)
Diluted net earnings (losses) from continuing operations attributable to Liberty Interactive Corporation shareholders per common share (note 5):				
Series A and Series B QVC Group common stock	$ 0.24	0.23	0.55	0.45
Series A and Series B Liberty Ventures common stock	$ 0.91	(0.47)	0.85	(0.92)
Basic net earnings (losses) attributable to Liberty Interactive Corporation shareholders per common share (note 5):				
Series A and Series B QVC Group common stock	$ 0.24	0.22	0.56	0.44
Series A and Series B Liberty Ventures common stock	$ 0.92	(0.38)	0.87	(0.77)
Diluted net earnings (losses) attributable to Liberty Interactive Corporation shareholders per common share (note 5):				
Series A and Series B QVC Group common stock	$ 0.24	0.21	0.55	0.43
Series A and Series B Liberty Ventures common stock	$ 0.91	(0.38)	0.85	(0.77)

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Comprehensive Earnings (Loss)

(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	amounts in millions			
Net earnings (loss)	$ 258	106	410	216
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	21	2	(81)	19
Share of other comprehensive earnings (losses) of equity affiliates	(1)	1	(15)	1
Share of other comprehensive earnings (losses) of discontinued operations	—	11	—	19
Other comprehensive earnings (loss)	20	14	(96)	39
Comprehensive earnings (loss)	278	120	314	255
Less comprehensive earnings (loss) attributable to the noncontrolling interests	14	39	23	79
Comprehensive earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 264	81	291	176
Comprehensive earnings (loss) attributable to Liberty Interactive Corporation shareholders:				
QVC Group common stock	$ 149	109	184	232
Liberty Ventures common stock	115	(28)	107	(56)
	$ 264	81	291	176

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements Of Cash Flows

(unaudited)

	Six months ended June 30,	
	2015	2014
	amounts in millions	
Cash flows from operating activities:		
Net earnings (loss)	$ 410	216
Adjustments to reconcile net earnings to net cash provided by operating activities:		
(Earnings) loss from discontinued operations	—	(38)
Depreciation and amortization	329	327
Stock-based compensation	44	51
Cash payments for stock-based compensation	(10)	(6)
Excess tax benefit from stock-based compensation	(16)	(10)
Share of (earnings) losses of affiliates, net	(90)	(2)
Cash receipts from returns on equity investments	27	20
Realized and unrealized (gains) losses on financial instruments, net	(28)	66
(Gains) losses on dispositions	(111)	—
Impairment of intangible assets	—	7
Deferred income tax expense (benefit)	(30)	(66)
Other, net	32	7
Changes in operating assets and liabilities		
Current and other assets	287	311
Payables and other liabilities	(246)	(51)
Net cash provided (used) by operating activities	598	832
Cash flows from investing activities:		
Cash paid for acquisitions, net of cash acquired	(20)	—
Cash proceeds from dispositions of investments	271	25
Investments in and loans to cost and equity investees	(98)	(31)
Cash receipts from returns of equity investments	200	—
Capital expended for property and equipment	(104)	(85)
Purchases of short term and other marketable securities	(626)	(257)
Sales of short term and other marketable securities	677	237
Other investing activities, net	(47)	5
Net cash provided (used) by investing activities	253	(106)
Cash flows from financing activities:		
Borrowings of debt	1,467	1,895
Repayments of debt	(1,628)	(1,744)
Repurchases of Liberty Interactive common stock	(377)	(478)
Minimum withholding taxes on net settlements of stock-based compensation	(13)	(14)
Excess tax benefit from stock-based compensation	16	10
Other financing activities, net	(24)	(36)
Net cash provided (used) by financing activities	(559)	(367)
Net cash provided (used) by discontinued operations:		
Operating	—	255
Investing	—	(11)
Financing	—	(24)
Effect of foreign currency rates on cash	—	3
Change in available cash held by discontinued operations	—	(235)
Net cash provided (used) by discontinued operations	—	(12)
Effect of foreign currency exchange rates on cash	(9)	(5)
Net increase (decrease) in cash and cash equivalents	283	342
Cash and cash equivalents at beginning of period	2,306	902
Cash and cash equivalents at end of period	$ 2,589	1,244

See accompanying notes to condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statement Of Equity

(unaudited)

Six months ended June 30, 2015

	Stockholders' Equity								Noncontrolling interest in equity of subsidiaries	Total equity
		Common stock								
		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, 2015	$ —	5	—	1	—	4	(94)	5,757	107	5,780
Net earnings (loss)	—	—	—	—	—	—	—	385	25	410
Other comprehensive earnings (loss)	—	—	—	—	—	—	(94)	—	(2)	(96)
Stock-based compensation	—	—	—	—	—	28	—	—	—	28
Series A QVC Group common stock repurchases	—	—	—	—	—	(377)	—	—	—	(377)
Stock issued upon exercise of stock options	—	—	—	—	—	21	—	—	—	21
Minimum withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	(13)	—	—	—	(13)
Excess tax benefit from stock-based compensation	—	—	—	—	—	16	—	—	—	16
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(42)	(42)
Reclassification (note 1)	—	—	—	—	—	321	—	(321)	—	—
Balance at June 30, 2015	$ —	5	—	1	—	—	(188)	5,821	88	5,727

See accompanying notes to condensed consolidated financial statements.

(1) Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of Liberty Interactive Corporation and its controlled subsidiaries (collectively, "Liberty" or the "Company" unless the context otherwise requires). All significant intercompany accounts and transactions have been eliminated in consolidation.

Liberty, through its ownership of interests in subsidiaries and other companies, is primarily engaged in the video and on-line commerce industries in North America, Europe and Asia.

The accompanying (a) condensed consolidated balance sheet as of December 31, 2014, which has been derived from audited financial statements, and (b) the interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for such periods have been included. Additionally, certain prior period amounts have been reclassified for comparability with current period presentation. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in Liberty's Annual Report on Form 10-K for the year ended December 31, 2014.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Liberty considers (i) fair value measurement, (ii) accounting for income taxes, (iii) assessments of other-than-temporary declines in fair value of its investments and (iv) estimates of retail-related adjustments and allowances to be its most significant estimates.

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

In April 2015, the FASB issued new accounting guidance on the presentation of debt issuance costs, which requires debt issuance costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the debt liability. The new guidance intends to simplify the presentation of debt issuance costs. This standard will more closely align the presentation of debt issuance costs under GAAP with the presentation under comparable International Financial Reporting Standards. The amendments in this new accounting standard are effective for financial statements issued for fiscal years beginning after December 15, 2015 and interim periods within those years. Early adoption is permitted for financial statements that have not been previously issued and retrospective application is required for each balance sheet presented. We plan to adopt this new guidance in the fourth quarter of 2015. The Company is evaluating the effect that the new guidance will have on its consolidated financial statements and related disclosures but other than a reclassification of deferred loan costs on the consolidated balance sheets, the Company does not believe that the standard will significantly impact its financial statements and related disclosures.

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

As a result of repurchases of Series A QVC Group common stock (formerly the Series A Liberty Interactive common stock), the Company's additional paid-in capital balance was in a deficit position as of June 30, 2015. In order to maintain a zero balance in the additional paid-in capital account, we reclassified the amount of the deficit ($321 million) for the six months ended June 30, 2015 to retained earnings.

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

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

The Reorganization Agreement provides for, among other things, provisions governing the relationship between Liberty and LMC, including certain cross-indemnities. Pursuant to the Services Agreement, LMC provides Liberty with certain general and administrative services including legal, tax, accounting, treasury and investor relations support. Liberty reimburses LMC for direct, out-of-pocket expenses incurred by LMC in providing these services and for Liberty's allocable portion of costs associated with any shared services or personnel based on an estimated percentage of time spent providing services to Liberty. Under the Facilities Sharing Agreement, LMC shares office space and related amenities at its corporate headquarters with Liberty. Under these various agreements, approximately $2 million and $3 million for the three months ended June 30, 2015 and 2014, respectively, and $5 million and $6 million for the six months ended June 30, 2015 and 2014, respectively, were reimbursable to LMC. Additionally, the Tax Sharing Agreement provides for the allocation and indemnification of tax liabilities and benefits between Liberty and LMC and other agreements related to tax matters.

(2) Tracking Stocks

A tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. Liberty has two tracking stocks—QVC Group common stock and Liberty Ventures common stock, which are intended to track and reflect the economic performance of the QVC Group and the Ventures Group, respectively.

While the QVC Group and the Ventures Group have separate collections of businesses, assets and liabilities attributed to them, no group is a separate legal entity and therefore cannot own assets, issue securities or enter into legally binding agreements. Holders of tracking stock have no direct claim to the group's stock or assets and are not represented by separate boards of directors. Instead, holders of tracking stock are stockholders of the parent corporation, with a single board of directors and subject to all of the risks and liabilities of the parent corporation.

On October 3, 2014, Liberty announced that its board of directors approved the change in attribution from the QVC Group (referred to as the "Interactive Group" prior to the reattribution) to the Ventures Group of certain of its Digital Commerce companies (defined below) and cash, which was provided by QVC, Inc. ("QVC") as a result of a draw-down of QVC's credit facility. In return, holders of Liberty Interactive common stock received a dividend of approximately 67.7 million shares of Liberty Ventures common stock, or 0.14217 of a Liberty Ventures share for each share of Liberty Interactive common stock outstanding on October 13, 2014, the record date of the dividend. The distribution date for the dividend was October 20, 2014, and the Liberty Interactive common stock began trading ex-dividend on October 15, 2014. The reattributed Digital Commerce companies were comprised of Liberty's consolidated subsidiaries Backcountry.com

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

The term "QVC Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. Following the reattribution, the QVC Group is primarily comprised of our merchandise-focused televised-shopping programs, Internet and mobile application businesses and has attributed to it our wholly-owned subsidiary QVC and our approximate 38% interest in HSN, Inc., along with cash and certain liabilities that reside with QVC as well as certain liabilities related to our corporate indebtedness (see note 10) and certain deferred tax liabilities. As of June 30, 2015, the QVC Group has cash and cash equivalents of approximately $497 million, which includes subsidiary cash.

The term "Ventures Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. Following the reattribution, the Ventures Group is primarily comprised of our Digital Commerce businesses (see note 3 for discussion of disposed businesses) and interests in Expedia, Inc., FTD Companies, Inc. ("FTD"), Interval Leisure Group, Inc. and LendingTree, Inc., available-for-sale securities in Time Warner Inc. and Time Warner Cable Inc., as well as cash and cash equivalents of approximately $2,092 million at June 30, 2015. The Ventures Group also has attributed to it certain liabilities related to our Exchangeable Debentures (see note 10) and certain deferred tax liabilities. The Ventures Group is primarily focused on the maximization of the value of these investments and investing in new business opportunities.

In May 2015, Liberty announced its entry into an agreement with Liberty Broadband Corporation ("Liberty Broadband"), a separate publicly traded company, whereby Liberty will invest $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 intends to seek stockholder approval for the issuance of the Series C Shares in accordance with the rules and requirements of the Nasdaq Stock Market. If, for any reason, Liberty Broadband does not receive the requisite stockholder approval for the issuance of the Series C Shares, the purchasers will instead acquire a limited number of Series C Shares, together with shares of a newly issued series of non-convertible preferred stock of Liberty Broadband. 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 stockholder and regulatory approvals, respectively, Liberty has not reflected any financial impacts in the condensed consolidated financial statements related to the respective agreements as of June 30, 2015.

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

(3) Disposals

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

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

In October 2014, the IRS completed its examination of the TripAdvisor Holdings Spin-Off and notified Liberty that it agreed with the nontaxable characterization of the transaction. Liberty expects to execute 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):

	Three months ended June 30, 2014		Six months ended June 30, 2014
Revenue	$	335	629
Earnings (loss) before income taxes	$	28	55
Earnings (loss) attributable to Liberty Interactive Corporation shareholders	$	(1)	—

Earnings per share of discontinued operations

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

	Three months ended June 30, 2014		Six months ended June 30, 2014
Basic earnings (loss) from discontinued operations attributable to Liberty shareholders per common share (note 5):			
Series A and Series B QVC Group common stock	$	(0.01)	(0.02)
Series A and Series B Liberty Ventures common stock	$	0.09	0.15
Diluted earnings (loss) from discontinued operations attributable to Liberty shareholders per common share (note 5):			
Series A and Series B QVC Group common stock	$	(0.01)	(0.02)
Series A and Series B Liberty Ventures common stock	$	0.09	0.15

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

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

On June 30, 2015, Liberty sold Backcountry foraggregate consideration, including assumption of debt, amounts held in escrow, and a noncontrolling interest, of approximately $350 million. The sale resulted in a $105 million gain, which is included in "Gains (losses) on dispositions, net" in the accompanying condensed consolidated statement of operations. Backcountry is included in the Digital Commerce companies through June 30, 2015 and is not presented as a discontinued operation as the sale does not represent a strategic shift that has a major effect on Liberty's operations and financial results. Included in revenue in the accompanying condensed consolidated statements of operations is $105 million and $99 million for the three months ended June 30, 2015 and 2014, respectively, and$227 million and $211 million for the six months ended June 30, 2015 and 2014, respectively, related to Backcountry. Included in net earnings (loss) in the accompanying condensed consolidated statements of operations are losses of $4 million and $3 million for the three months ended June 30, 2015 and 2014, respectively, and losses of $3 million and $4 million for the six months ended June 30, 2015 and 2014, respectively, related to Backcountry. Included in total assets in the accompanying condensed consolidated balance sheets as of December 31, 2014 is $323 million related to Backcountry.

(4) Stock-Based Compensation

The Company has granted to certain of its directors, employees and employees of its subsidiaries, stock appreciation rights ("SARs"), restricted stock, performance-based restricted stock units and options to purchase shares of Liberty common stock (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an equity classified Award (such as stock options and restricted stock) based on the grant-date fair value of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). The Company measures the cost of employee services received in exchange for a liability classified Award (such as SARs that will be settled in cash) based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date.

Included in selling, general and administrative expenses in the accompanying condensed consolidated statements of operations are $29 million and $26 million of stock-based compensation during the three months ended June 30, 2015 and 2014, respectively, and $44 million and $51 million during the six months ended June 30, 2015 and 2014, respectively.

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

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

In connection with our CEO's employment agreement, Liberty also granted 132 thousand and 135 thousand performance-based options of Series B QVC Group common stock and Series B Liberty Ventures common stock, respectively, and 182 thousand and 13 thousand performance-based restricted stock units of Series B QVC Group common stock and Series B Liberty Ventures common stock, respectively. Such options had a weighted average grant-date fair value of $10.10 per share and $17.16 per share, respectively. The restricted stock units had a weighted average grant-date fair value of $29.41 per share and $42.33 per share, respectively. The options and restricted stock units cliff vest in one year, subject to satisfaction of certain performance objectives.

The Company has calculated the grant-date fair value for all of its equity classified Awards and any subsequent remeasurement of its liability classified Awards using the Black-Scholes Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. The volatility used in the calculation for Awards is based on the historical volatility of Liberty's stock and the implied volatility of publicly traded Liberty options. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

Liberty—Outstanding Awards

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

	QVC Group			
	Series A (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2015	24,900	$ 17.49		
Granted	4,347	$ 28.98		
Exercised	(2,633)	$ 15.57		
Forfeited/Cancelled	(483)	$ 22.69		
Outstanding at June 30, 2015	26,131	$ 19.50	4.5 years	$ 221
Exercisable at June 30, 2015	15,497	$ 16.71	3.7 years	$ 171

	QVC Group			
	Series B (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2015	1,044	$ 24.78		
Granted	132	$ 29.41		
Exercised	(398)	$ 16.51		
Outstanding at June 30, 2015	778	$ 29.79	6.5 years	$ —
Exercisable at June 30, 2015	—	$ —	— years	$ —

	Liberty Ventures			
	Series A (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2015	3,997	$ 19.10		
Granted	652	$ 41.40		
Exercised	(278)	$ 19.92		
Forfeited/Cancelled	(3)	$ 26.45		
Outstanding at June 30, 2015	4,368	$ 22.37	4.5 years	$ 75
Exercisable at June 30, 2015	2,874	$ 18.79	3.7 years	$ 59

	Liberty Ventures				
	Series B (000's)		WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2015	1,507	$	36.24		
Granted	135	$	42.33		
Exercised	(100)	$	16.82		
Outstanding at June 30, 2015	1,542	$	38.04	6.5 years	$ 5
Exercisable at June 30, 2015	—	$	—	— years	$ —

As of June 30, 2015, the total unrecognized compensation cost related to unvested Awards was approximately $121 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 2.8 years.

Other

Certain of the Company's other subsidiaries have stock based compensation plans under which employees and non-employees are granted options or similar stock based awards. Awards made under these plans vest and become exercisable over various terms. The awards and compensation recorded, if any, under these plans is not significant to Liberty.

(5) Earnings (Loss) Per Common Share

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented.

Series A and Series B QVC Group Common Stock

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

	QVC Group Common Stock			
	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	number of shares in millions			
Basic EPS	469	486	471	490
Potentially dilutive shares	7	10	7	10
Diluted EPS	476	496	478	500

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

Series A and Series B Liberty Ventures Common Stock

As discussed in note 11, 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. Excluded from diluted EPS, for all periods presented, are less than a million potential common shares because their inclusion would be antidilutive.

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

(6) Assets and Liabilities Measured at Fair Value

For assets and liabilities required to be reported at fair value, GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs, other than quoted market prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

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

	Fair Value Measurements at June 30, 2015			Fair Value Measurements at December 31, 2014		
Description	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
	amounts in millions					
Cash equivalents	$2,420	2,420	—	2,147	2,147	—
Short term marketable securities	$ 845	249	596	889	277	612
Available-for-sale securities	$1,360	1,351	9	1,220	1,203	17
Debt	$2,635	—	2,635	2,574	—	2,574

The majority of the Company's Level 2 financial assets and liabilities are debt instruments with quoted market prices that are not considered to be traded on "active markets," as defined in GAAP. The fair values for such instruments are derived from a typical model using observable market data as the significant inputs.

Realized and Unrealized Gains (Losses) on Financial Instruments

Realized and unrealized gains (losses) on financial instruments are comprised of changes in the fair value of the following:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	amounts in millions			
Fair Value Option Securities	$ 165	90	148	80
Exchangeable senior debentures	(133)	(131)	(120)	(146)
	$ 32	(41)	28	(66)

(7) Investments in Available-for-Sale Securities and Other Cost Investments

All marketable equity and debt securities held by the Company are classified as available-for-sale ("AFS") and are carried at fair value based on quoted market prices. GAAP permits entities to choose to measure many financial instruments, such as AFS securities, and certain other items at fair value and to recognize the changes in fair value of such instruments in the entity's statement of operations (the "fair value option"). In prior years, Liberty has historically entered into economic hedges for certain of its non-strategic AFS securities (although such instruments were not accounted for as fair value hedges by the Company). Changes in the fair value of these economic hedges were reflected in Liberty's statements of operations as unrealized gains (losses). In order to better match the changes in fair value of the subject AFS securities and the changes in fair value of the corresponding economic hedges in the Company's financial statements, Liberty elected the fair value option for those of its AFS securities which it considered to be non-strategic ("Fair Value Option Securities"). Accordingly, changes in the fair value of Fair Value Option Securities, as determined by quoted market prices, are reported in realized and unrealized gains (losses) on financial instruments in the accompanying condensed consolidated statements of operations.

Investments in AFS securities, the majority of which are considered Fair Value Option Securities, and other cost investments are summarized as follows:

	June 30, 2015	December 31, 2014
	amounts in millions	
QVC Group		
Other investments	$ 4	4
Total attributed QVC Group	4	4
Ventures Group		
Time Warner Inc.	384	375
Time Warner Cable Inc.	955	815
Other investments	62	30
Total attributed Ventures Group	1,401	1,220
Consolidated Liberty	$ 1,405	1,224

(8) Investments in Affiliates Accounted for Using the Equity Method

Liberty has various investments accounted for using the equity method. The following table includes Liberty's carrying amount, fair value, and percentage ownership of the more significant investments in affiliates at June 30, 2015 and the carrying amount at December 31, 2014:

	June 30, 2015			December 31, 2014
	Percentage ownership	Fair value (Level 1)	Carrying amount	Carrying amount
	dollar amounts in millions			
QVC Group				
HSN, Inc. (1)	38 %	$ 1,405	$ 151	328
Other	various	NA	45	47
Total QVC Group			196	375
Ventures Group				
Expedia, Inc.	18 %	$ 2,581	587	514
FTD Companies, Inc.	36 %	288	358	355
Other	various	NA	380	389
Total Ventures Group			1,325	1,258
Consolidated Liberty			$ 1,521	1,633

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

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

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	amounts in millions			
QVC Group				
HSN, Inc.	$ 12	9	37	31
Other	(3)	(2)	(4)	(3)
Total QVC Group	9	7	33	28
Ventures Group				
Expedia, Inc.	76	10	80	4
FTD Companies, Inc. (1)	7	NA	5	NA
Other	(5)	(13)	(28)	(30)
Total Ventures Group	78	(3)	57	(26)
Consolidated Liberty	$ 87	4	90	2

(1) As discussed in note 3, on December 31, 2014, Liberty completed a transaction with FTD for Provide, which was one of Liberty's wholly-owned Digital Commerce businesses (as defined in note 2). Under the terms of the transaction, Liberty received approximately 10.2 million shares of FTD common stock representing approximately 35% of the combined company and approximately $145 million in cash (the "FTD Transaction"). Subsequent to completion of the transaction, Liberty accounts for FTD as an equity-method affiliate based on the ownership level and board representation.

(9) Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

	QVC	Digital Commerce	Total
	amounts in millions		
Balance at January 1, 2015	$ 5,206	198	5,404
Foreign currency translation adjustments	(42)	—	(42)
Disposition	—	(105)	(105)
Other	—	9	9
Balance at June 30, 2015	$ 5,164	102	5,266

Intangible Assets Subject to Amortization

Amortization expense for intangible assets with finite useful lives was$123 million and $125 million for the three months ended June 30, 2015 and 2014, respectively, and $252 million and $249 million for the six months ended June 30, 2015 and 2014, respectively. Based on its amortizable intangible assets as of June 30, 2015, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

Remainder of 2015	$ 221
2016	$ 443
2017	$ 290
2018	$ 33
2019	$ 14

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

(10) Long-Term Debt

Debt is summarized as follows:

	Outstanding principal at June 30, 2015	Carrying value June 30, 2015	Carrying value December 31, 2014
	amounts in millions		
QVC Group			
Corporate level debentures			
8.5% Senior Debentures due 2029	$ 287	285	285
8.25% Senior Debentures due 2030	505	501	501
1% Exchangeable Senior Debentures due 2043	346	392	444
Subsidiary level notes and facilities			
QVC 3.125% Senior Secured Notes due 2019	400	399	399
QVC 7.375% Senior Secured Notes due 2020	—	—	500
QVC 5.125% Senior Secured Notes due 2022	500	500	500
QVC 4.375% Senior Secured Notes due 2023	750	750	750
QVC 4.850% Senior Secured Notes due 2024	600	600	600
QVC 4.45% Senior Secured Notes due 2025	600	599	599
QVC 5.45% Senior Secured Notes due 2034	400	399	399
QVC 5.95% Senior Secured Notes due 2043	300	300	300
QVC Bank Credit Facilities	895	895	508
Other subsidiary debt	74	74	75
Total QVC Group debt	$ 5,657	5,694	5,860
Ventures Group			
Corporate level debentures			
4% Exchangeable Senior Debentures due 2029	$ 436	285	294
3.75% Exchangeable Senior Debentures due 2030	438	290	291
3.5% Exchangeable Senior Debentures due 2031	351	307	325
0.75% Exchangeable Senior Debentures due 2043	850	1,361	1,220
Subsidiary level notes and facilities	44	44	61
Total Ventures Group debt	$ 2,119	2,287	2,191
Total consolidated Liberty debt	$ 7,776	7,981	8,051
Less current classification		(916)	(946)
Total long-term debt		$ 7,065	7,105

QVC Senior Secured Notes

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

QVC Bank Credit Facilities

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

The interest rate on borrowings outstanding under the QVCBank Credit Facilities was 1.6% at June 30, 2015. Availability under the Second Amended and Restated Credit Agreement at June 30, 2015 was $1.4 billion.

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

Exchangeable Senior Debentures

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

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

Debt Covenants

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

Other Subsidiary Debt

Other subsidiary debt at June 30, 2015 is comprised of capitalized satellite transponder lease obligations and bank debt of certain subsidiaries.

Fair Value of Debt

Liberty estimates the fair value of its debt based on the quoted market prices for the same or similar issues or on the current rate offered to Liberty for debt of the same remaining maturities (Level 2). The fair value of Liberty's publicly traded debt securities that are not reported at fair value in the accompanying condensed consolidated balance sheet at June 30, 2015 are as follows (amounts in millions):

Senior debentures	$ 841
QVC senior secured notes	$3,495

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

(11) Stockholders' Equity

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

As of June 30, 2015, Liberty reserved for issuance upon exercise of outstanding stock options approximately 26.1 million shares of Series A QVC Group common stock, 778 thousand shares of Series B QVC Group common stock, 4.4 million shares of Series A Liberty Ventures common stock and 1.5 million shares of Series B Liberty Ventures common stock.

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

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

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

(12) Commitments and Contingencies

Litigation

Liberty has contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible Liberty may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying condensed consolidated financial statements.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

(13) Information About Liberty's Operating Segments

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

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

Liberty defines Adjusted OIBDA as revenue less cost of sales, operating expenses, and selling, general and administrative expenses excluding all stock-based compensation. Liberty believes this measure is an important indicator of the operational strength and performance of its businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes depreciation and amortization, stock-based compensation and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. Liberty generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current prices.

For the six months ended June 30, 2015, Liberty has identified the following consolidated subsidiary as its reportable segment:

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

Additionally, for presentation purposes, Liberty is providing financial information of the Digital Commerce businesses on an aggregated basis. The consolidated Digital Commerce businesses do not contribute significantly to the overall operations of Liberty on an individual basis; however, Liberty believes that on an aggregated basis they provide relevant information for users of these financial statements. While these businesses may not meet the aggregation criteria under relevant accounting literature Liberty believes the information is relevant and helpful for a more complete understanding of the consolidated results.

- Digital Commerce - the aggregation of certain consolidated subsidiaries that market and sell a wide variety of consumer products via the Internet. Categories of consumer products include perishable and personal gift offerings (Provide), active lifestyle gear and clothing (Backcountry), fitness and health goods (Bodybuilding), digital invitations (Evite) and a drop-ship solutions company (CommerceHub). Due to the transactions discussed in note 3, the results of Provide are included in the Company’s results through December 31, 2014 and the results of Backcountry are included through June 30, 2015.

Liberty's operating segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technologies, distribution channels and marketing strategies. The accounting policies of the segments are the same as those described in the Company's summary of significant accounting policies in the Annual Report on Form 10-K for the year ended December 31, 2014.

Performance Measures

	Three months ended June 30,			
	2015		2014	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
QVC Group				
QVC	$ 1,998	449	2,014	439
Digital Commerce	NA	NA	469	27
Corporate and other	—	(4)	—	(6)
Total QVC Group	1,998	445	2,483	460
Ventures Group				
Digital Commerce	254	19	NA	NA
Corporate and other	—	(5)	—	(4)
Total Ventures Group	254	14	—	(4)
Consolidated Liberty	$ 2,252	459	2,483	456

	Six months ended June 30,			
	2015		2014	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
QVC Group				
QVC	$ 3,936	856	4,000	851
Digital Commerce	NA	NA	917	55
Corporate and other	—	(10)	—	(10)
Total QVC Group	3,936	846	4,917	896
Ventures Group				
Digital Commerce	530	41	NA	NA
Corporate and other	—	(9)	—	(6)
Total Ventures Group	530	32	—	(6)
Consolidated Liberty	$ 4,466	878	4,917	890

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

Other Information

	June 30, 2015		
	Total assets	Investments In affiliates	Capital expenditures
	amounts in millions		
QVC Group			
QVC	$ 12,019	45	80
Corporate and other	332	151	—
Total QVC Group	12,351	196	80
Ventures Group			
Digital Commerce	847	358	24
Corporate and other	5,148	967	—
Total Ventures Group	5,995	1,325	24
Inter-group eliminations	(204)	—	—
Consolidated Liberty	$ 18,142	1,521	104

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

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	amounts in millions			
Consolidated segment Adjusted OIBDA	$ 459	456	878	890
Stock-based compensation	(29)	(26)	(44)	(51)
Impairment of intangible assets	—	(7)	—	(7)
Depreciation and amortization	(161)	(164)	(329)	(327)
Interest expense	(90)	(98)	(185)	(193)
Share of earnings (loss) of affiliates, net	87	4	90	2
Realized and unrealized gains (losses) on financial instruments, net	32	(41)	28	(66)
Gains (losses) on dispositions, net	111	—	111	—
Other, net	(29)	3	(14)	10
Earnings (loss) before income taxes	$ 380	127	535	258

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, product and marketing strategies; new service offerings; revenue growth at QVC, Inc. ("QVC"); international expansion including the launch of QVC-France; the recoverability of our goodwill and other long-lived assets; our projected sources and uses of cash; and the anticipated impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- customer demand for our products and services and our ability to adapt to changes in demand;
- competitor responses to our products and services;
- increased digital TV penetration and the impact on channel positioning of our programs;
- the levels of online traffic to our businesses' websites and our ability to convert visitors into customers or contributors;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our future financial performance, including availability, terms and deployment of capital;
- our ability to successfully integrate and recognize anticipated efficiencies and benefits from the businesses we acquire;
- the ability of suppliers and vendors to deliver products, equipment, software and services;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners, distributors, suppliers and vendors;
- domestic and international economic and business conditions and industry trends;
- consumer spending levels, including the availability and amount of individual consumer debt;
- changes in distribution and viewing of television programming, including the expanded deployment of personal video recorders, video on demand and IP television and their impact on home shopping programming;
- rapid technological changes;
- failure to protect the security of personal information, subjecting us to potentially costly government enforcement actions and/or private litigation and reputational damage;
- the regulatory and competitive environment of the industries in which we operate;
- threatened terrorist attacks, political and economic unrest in international markets and ongoing military action around the world;
- Liberty’s ability to complete its acquisition of Liberty Broadband’s Series C Shares in connection with the Charter-TWC merger; and
- fluctuations in foreign currency exchange rates.

For additional risk factors, please see Part I, Item 1A of the Annual Report on Form 10-K for the year ended December 31, 2014. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto and our Annual Report on Form 10-K for the year ended December 31, 2014.

Overview

We own controlling and non-controlling interests in a broad range of video and on-line commerce companies. Our largest business, which is also our principal reportable segment, is QVC. QVC markets and sells a wide variety of consumer products in the United States and several foreign countries, primarily by means of its televised shopping programs and via the Internet through its domestic and international websites and mobile applications. Additionally, we own entire or majority interests in consolidated subsidiaries which operate on-line commerce businesses in a broad range of retail categories (the “Digital Commerce” businesses). The more significant of these include Backcountry.com, Inc. (“Backcountry”) (through June 30, 2015), Bodybuilding.com, LLC ("Bodybuilding"), Evite, Inc. ("Evite"), LMC Right Start, Inc. (“Right Start”) and CommerceHub. Backcountry operates websites offering sports gear and clothing for outdoor and active individuals in a variety of categories. Bodybuilding manages websites related to sports nutrition, body building and fitness. Evite operates websites that offer invitations. Right Start is a high-quality online and brick-and-mortar retailer of products for infants and toddlers. CommerceHub provides a Software-as-a-Service platform for online retailers and their suppliers (manufacturers, and distributors) to sell products to consumers without physically owning inventory, or managing the fulfillment of those products.

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

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

Our "Corporate and Other" category includes our corporate ownership interests in other unconsolidated businesses and corporate expenses. We hold ownership interests in Expedia, Inc., HSN, Inc., Interval Leisure Group, Inc. and LendingTree, Inc. which we account for as equity method investments; and we continue to maintain investments and related financial instruments in public companies such as Time Warner Inc. and Time Warner Cable Inc., which are accounted for at their respective fair market values and are included in "Corporate and Other."

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

On October 3, 2014, Liberty reattributed from the QVC Group to the Ventures Group its Digital Commerce companies, which were valued at $1.5 billion, and approximately $1 billion in cash. In connection with the reattribution, each holder of Liberty Interactive common stock received 0.14217 of a share of the corresponding series of Liberty Ventures common stock for each share of Liberty Interactive common stock held as of the record date, with cash paid in lieu of fractional shares. The distribution date for the dividend was October 20, 2014, and the Liberty Interactive common stock began trading ex-dividend on October 15, 2014 which resulted in an aggregate of 67.7 million shares of Series A and Series B Liberty Ventures common stock being issued. The reattribution of the Digital Commerce companies is presented on a prospective basis from the date of the reattribution in Liberty's condensed consolidated financial statements and attributed financial information, with October 1, 2014 used as a proxy for the date of the reattribution. Other than the issuance of Liberty Ventures shares in the fourth quarter of 2014,the reattribution had no consolidated impact on Liberty. Effective June 4, 2015, the name of the "Liberty Interactive common stock" was changed to the "QVC Group common stock."

The term "Ventures Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. As of June 30, 2015, the Ventures Group is comprised of the Digital Commerce companies and our interests in Expedia, Inc., FTD, Interval Leisure Group, Inc., LendingTree, Inc., investments in Time Warner Inc. and Time Warner Cable Inc., as well as cash and cash equivalents in the amount of approximately $2,092 million. The Ventures Group also has attributed to it certain liabilities related to our corporate level indebtedness (see note 10 in the accompanying financial statements) and certain deferred tax liabilities. The Ventures Group is primarily focused on the maximization of the value of these investments and investing in new business opportunities.

The term "QVC Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. As of June 30, 2015, the QVC Group is primarily focused on our video operating businesses and has attributed to it the remainder of our businesses and assets, including our operating subsidiary QVC as well as our 38% interest in HSN, Inc. and cash and cash equivalents of approximately $497 million, including subsidiary cash. The QVC Group has attributed to it liabilities that reside with QVC as well certain liabilities related to our corporate level indebtedness (see note 10 in the accompanying financial statements) and certain deferred tax liabilities.

Results of Operations—Consolidated

General. We provide in the tables below information regarding our Consolidated Operating Results and Other Income and Expense, as well as information regarding the contribution to those items from our reportable segments and our Digital Commerce businesses. The "corporate and other" category consists of those assets or businesses which we do not disclose separately. For a more detailed discussion and analysis of the financial results of the principal reporting segments, see "Results of Operations—Businesses" below.

Operating Results

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	amounts in millions			
Revenue				
QVC Group				
QVC	$ 1,998	2,014	3,936	4,000
Digital Commerce	NA	469	NA	917
Total QVC Group	1,998	2,483	3,936	4,917
Ventures Group				
Digital Commerce	254	NA	530	NA
Total Ventures Group	254	—	530	—
Consolidated Liberty	$ 2,252	2,483	4,466	4,917
Adjusted OIBDA				
QVC Group				
QVC	$ 449	439	856	851
Digital Commerce	NA	27	NA	55
Corporate and other	(4)	(6)	(10)	(10)
Total QVC Group	445	460	846	896
Ventures Group				
Digital Commerce	19	NA	41	NA
Corporate and other	(5)	(4)	(9)	(6)
Total Ventures Group	14	(4)	32	(6)
Consolidated Liberty	$ 459	456	878	890
Operating Income (Loss)				
QVC Group				
QVC	$ 294	284	540	544
Digital Commerce	NA	(7)	NA	(2)
Corporate and other	(10)	(13)	(19)	(28)
Total QVC Group	284	264	521	514
Ventures Group				
Digital Commerce	(9)	NA	(4)	NA
Corporate and other	(6)	(5)	(12)	(9)
Total Ventures Group	(15)	(5)	(16)	(9)
Consolidated Liberty	$ 269	259	505	505

Revenue. Our consolidated revenue decreased 9.3% or $231 million and decreased 9.2% or $451 million for three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in the prior year. The decrease was primarily due to the deconsolidation of Provide as a result of the FTD Transaction ($231 million and $429 million for the three and six month periods, respectively) and decreased revenue at QVC ($16 million and $64 million for the three and six month periods, respectively) as a result of foreign currency rate fluctuations during the period, offset slightly by growth in revenue at the remaining Digital Commerce companies. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of certain of our subsidiaries.

Adjusted OIBDA. We define Adjusted OIBDA as revenue less cost of sales, operating expenses and selling, general and administrative ("SG&A") expenses excluding all stock-based compensation. Our chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our businesses and make decisions about allocating resources among our businesses. We believe this is an important indicator of the operational strength and performance of our businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes such costs as depreciation and amortization, stock-based compensation and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. See note 13 to the accompanying condensed consolidated financial statements for a reconciliation of Adjusted OIBDA to Earnings (loss) from continuing operations before income taxes.

Consolidated Adjusted OIBDA increased 0.7% or $3 million and decreased 1.3% or $12 million for three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in the prior year. The slight increase in Adjusted OIBDA for the three months ended June 30, 2015 was primarily due to a $10 million increase at QVC and growth at the Digital commerce companies, partially offset by the impact of the deconsolidation of Provide as a result of the FTD Transaction ($10 million). The decrease in Adjusted OIBDA for the six months ended June 30, 2015 was primarily due to the deconsolidation of Provide as a result of the FTD Transaction ($22 million), offset slightly by Adjusted OIBDA growth at the remaining Digital Commerce companies, and an increase at QVC of $5 million. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of certain of our subsidiaries.

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

We recorded $29 million and $26 million of stock-based compensation for the three months ended June 30, 2015 and 2014, respectively. We recorded $44 million and $51 million of stock compensation for the six months ended June 30, 2015 and 2014, respectively. As of June 30, 2015, the total unrecognized compensation cost related to unvested Liberty equity awards was approximately $121 million. Such amount will be recognized in our consolidated statements of operations over a weighted average period of approximately 2.8 years.

Operating income. Our consolidated operating income increased 3.9% or $10 million for the three months ended June 30, 2015 and was flat for the six months ended June 30, 2015, as compared to the corresponding periods in the prior year. The increase in operating income for the three months ended June 30, 2015 was primarily due to an increase in operating income at QVC of $10 million. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of certain of our subsidiaries.

Other Income and Expense

Components of Other income (expense) are presented in the table below.

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	amounts in millions			
Interest expense				
QVC Group	$ (70)	(79)	(145)	(155)
Ventures Group	(20)	(19)	(40)	(38)
Consolidated Liberty	$ (90)	(98)	(185)	(193)
Share of earnings (losses) of affiliates				
QVC Group	$ 9	7	33	28
Ventures Group	78	(3)	57	(26)
Consolidated Liberty	$ 87	4	90	2
Realized and unrealized gains (losses) on financial instruments, net				
QVC Group	$ 8	6	(2)	7
Ventures Group	24	(47)	30	(73)
Consolidated Liberty	$ 32	(41)	28	(66)
Gains (losses) on dispositions, net				
QVC Group	$ —	—	—	—
Ventures Group	111	—	111	—
Consolidated Liberty	$ 111	—	111	—
Other, net				
QVC Group	$ (31)	(1)	(23)	—
Ventures Group	2	4	9	10
Consolidated Liberty	$ (29)	3	(14)	10
Consolidated Liberty other income (expense)	$ 111	(132)	30	(247)

Interest expense. Interest expense decreased $8 million or 8.2% and decreased $8 million or 4.1% for the three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in the prior year. The decrease in the QVC Group interest expense is attributable to QVC's refinancing activities resulting in a lower average interest rate and the reattribution of interest expense attributable to the Digital Commerce companies from the QVC Group to the Ventures Group. The slight increase in the Ventures Group interest expense during the six months ended June 30, 2015 as compared to the corresponding period in the prior year is primarily due to the reattribution of the Digital Commerce companies from the QVC Group to the Ventures Group on October 1, 2014.

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

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	amounts in millions			
QVC Group				
HSN, Inc.	$ 12	9	37	31
Other	(3)	(2)	(4)	(3)
Total QVC Group	9	7	33	28
Ventures Group				
Expedia, Inc.	76	10	80	4
FTD	7	NA	5	NA
Other	(5)	(13)	(28)	(30)
Total Ventures Group	78	(3)	57	(26)
Consolidated Liberty	$ 87	4	90	2

During May of 2015, Expedia, Inc. sold its controlling interest in eLong Inc. The increase in Liberty's share of Expedia's earnings for the three and six month periods ended June 30, 2015 as compared to the corresponding periods in the prior year is primarily due to the gain Expedia recognized related to the sale of eLong. The share of loss in the other category of the Ventures Group, in all periods, is primarily related to our investments in alternative energy solution entities. These entities typically operate at a loss and because we account for these investments as equity method affiliates, we record our share of such losses. We note these entities typically have favorable tax attributes and credits which are recorded in our tax accounts.

Realized and unrealized gains (losses) on financial instruments. Realized and unrealized gains (losses) on financial instruments are comprised of changes in the fair value of the following:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	amounts in millions			
Fair Value Option Securities	$ 165	90	148	80
Exchangeable senior debentures	(133)	(131)	(120)	(146)
	$ 32	(41)	28	(66)

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

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

Other, net. Other, net for the QVC Group is primarily attributable to QVC's redemption of $500 million principal 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 was recorded for the three and six month periods ended June 30, 2015. Other, net also includes foreign currency losses at QVC. Certain loans between QVC and its subsidiaries are deemed to be short-term in nature, and accordingly, the translation of these loans is recorded in the condensed consolidated statements of operations. The change in foreign currency gain (loss) was also due to variances in interest and operating payables balances between QVC and its international subsidiaries denominated in thecurrency of the subsidiary and the effects of currency exchange rate changes on those balances.

Income taxes. We had income tax expense of $122 million and $40 million for the three months ended June 30, 2015 and 2014, respectively, and tax expense of $125 million and $80 million for the six months ended June 30, 2015 and 2014, respectively. Income tax expense was lower than the U.S. statutory tax rate of 35% in 2015 due to the receipt of a taxable dividend that under current U.S. tax law is subject to a dividends received deduction and to tax credits generated by our alternative energy investments. Income tax expense was lower than the U.S. statutory tax rate of 35% in 2014 due to tax credits generated by our alternative energy investments.

Net earnings. We had net earnings of $258 million and $106 million for the three months ended June 30, 2015 and 2014, respectively, and net earnings of $410 million and $216 million for the six months ended June 30, 2015 and 2014, respectively. The change in net earnings was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Material Changes in Financial Condition

While the QVC Group and the Ventures Group are not separate legal entities and the assets and liabilities attributed to each group remain assets and liabilities of our consolidated company, we manage the liquidity and financial resources of each group separately. Keeping in mind that assets of one group may be used to satisfy liabilities of the other group, the following discussion assumes, consistent with management expectations, that future liquidity needs of each group will be funded by the financial resources attributed to each respective group.

As of June 30, 2015, substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, other government agencies, AAA rated money market funds and other highly rated financial and corporate debt instruments.

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

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

As of June 30, 2015, Liberty's liquidity position consisted of the following:

	Cash and cash equivalents	Marketable securities	Available-for-Sale Securities
		amounts in millions	
QVC	$ 445	—	—
Corporate and other	52	8	4
Total QVC Group	497	8	4
Digital Commerce	75	—	—
Corporate and other	2,017	837	1,401
Total Ventures Group	2,092	837	1,401
Total Liberty	$ 2,589	845	1,405

To the extent that the Company recognizes any taxable gains from the sale of assets we may incur tax expense and be required to make tax payments, thereby reducing any cash proceeds. Additionally, we have borrowing capacity of $1.4 billion under the QVC credit facility at June 30, 2015. As of June 30, 2015, QVC had approximately $198 million of cash and cash equivalents held in foreign subsidiaries which certain tax consequences could reduce the amount of cash that would be available for domestic purposes.

Additionally, our operating businesses have generated, on average, more than $1 billion in annual cash provided by operating activities over the prior three years and we do not anticipate any significant reductions in that amount in future periods.

	Six months ended June 30,	
	2015	2014
	amounts in millions	
Cash Flow Information		
QVC Group net cash provided (used) by operating activities	$ 571	584
Ventures Group net cash provided (used) by operating activities	27	248
Net cash provided (used) by operating activities	$ 598	832
QVC Group net cash provided (used) by investing activities	84	(111)
Ventures Group net cash provided (used) by investing activities	169	5
Net cash provided (used) by investing activities	$ 253	(106)
QVC Group net cash provided (used) by financing activities	(571)	(361)
Ventures Group net cash provided (used) by financing activities	12	(6)
Net cash provided (used) by financing activities	$ (559)	(367)

QVC Group

During the six months ended June 30, 2015, the QVC Group uses of cash were primarily the repayment of certain debt obligations of approximately $1,288 million and the repurchase of Series A QVC Group common stock of $377 million. Additionally, the QVC Group had approximately $80 million of capital expenditures during the six months ended June 30, 2015. These uses of cash were funded by cash provided by operating activities, additional borrowings of debt and the receipt of approximately $200 million in cash from a special dividend declared by HSNi. Approximately $54 million in cash from the special dividend received from HSNi was passed through to the HSNi exchangeable bond holders.

The projected uses of QVC Group cash for the remainder of 2015 are the cost to service outstanding debt, approximately $130 million in interest payments on QVC and corporate level debt, anticipated capital improvement spending of approximately $120 million and the continued buyback of QVC Group common stock under the approved share buyback program.

Ventures Group

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

The projected uses of Ventures Group cash for the remainder of 2015 are approximately $30 million in interest payments to service outstanding debt and further investments in existing or new businesses through continued investment activity and potential buyback of Liberty Ventures common stock under the approved share buyback program. 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 1 in the accompanying financial statements).

Consolidated

During the six months ended June 30, 2015, Liberty's primary uses of cash were $1,628 million of repayments on outstanding debt and repurchases of Series A QVC Group common stock of $377 million. These activities were funded primarily from borrowings of $1,467 million, cash provided by operating activities and cash on hand.

The projected uses of Liberty cash for the remainder of 2015 are the continued capital improvement spending of approximately $130 million for the remainder of the year, the repayment of certain debt obligations, approximately $160 million for interest payments on outstanding debt, the potential buyback of common stock under the approved share buyback program and additional investments in existing or new businesses. Subject to the satisfaction of the applicable closing conditions, we expect to invest $2.4 billion in Liberty Broadband (see note 1 in the accompanying financial statements). We also may be required to make net payments of income tax liabilities to settle items under discussion with tax authorities. We expect that cash on hand and cash provided by operating activities and borrowing capacity in future periods will be sufficient to fund projected uses of cash.

Results of Operations—Businesses

QVC. QVC, Inc. is a retailer of a wide range of consumer products, which are marketed and sold primarily by merchandise-focused televised shopping programs, the Internet and mobile applications. In the United States, QVC's live programming is distributed via its nationally televised shopping program 24 hours per day, 364 days per year ("QVC-U.S."). Internationally, QVC's program services are based in Germany ("QVC-Germany"), Japan ("QVC-Japan"), the United Kingdom ("QVC-U.K.") and Italy ("QVC-Italy"). QVC-Germany distributes its program 24 hours per day with 17 hours of live programming, QVC-Japan distributes live programming 24 hours per day and QVC-U.K. distributes its program 24 hours per day with 16 hours of live programming. Effective March 9, 2015, QVC-U.K. reduced its total live programming from 17 hours to 16 hours by distributing recorded programming during the 1 am to 2 am hour. QVC-Italy distributes programming live for 17 hours per day on satellite and digital terrestrial television and an additional seven hours per day of recorded programming on satellite and seven hours per day of general interest programming on digital terrestrial television.

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

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

On April 16, 2014, QVC announced plans to expand its global presence into France (“QVC-France”). Similar to its other markets, QVC plans to offer a highly immersive digital shopping experience, with strong integration across e-commerce, TV, mobile and social platforms. QVC-France launched its website on June 23, 2015, with the launch of live programming in August 2015.

QVC's operating results were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	amounts in millions			
Net revenue	$ 1,998	2,014	3,936	4,000
Costs of goods sold	1,234	1,250	2,455	2,506
Gross profit	764	764	1,481	1,494
Operating expenses:				
Operating	175	180	343	358
SG&A expenses (excluding stock-based compensation)	140	145	282	285
Adjusted OIBDA	449	439	856	851
Stock-based compensation	7	10	15	18
Depreciation	35	33	68	66
Amortization of intangible assets	113	112	233	223
Operating income	$ 294	284	540	544

Net revenue was generated in the following geographical areas:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	amounts in millions			
QVC-U.S.	$ 1,406	1,352	2,748	2,657
QVC-Germany	191	227	403	477
QVC-Japan	199	223	398	457
QVC-U.K.	173	178	329	343
QVC-Italy	29	34	58	66
Consolidated QVC	$ 1,998	2,014	3,936	4,000

QVC's consolidated net revenue decreased 0.8% and 1.6% for the three and six months ended June 30, 2015 as compared to the corresponding periods in the prior year. The three month decrease in net revenue of $16 million was primarily comprised of $108 million in unfavorable foreign currency rates in all countries, an increase in estimated product returns of $28 million primarily in the U.S. and Germany and a decrease in shipping and handling revenue of $26 million primarily in the U.S. These amounts were partially offset by $74 million due to a 3.3% increase in units sold and $74 million due to a 3.1% increase in the consolidated average selling price per unit ("ASP"). The six month decrease in net revenue of $64 million was primarily comprised of $205 million in unfavorable foreign currency rates in all countries, an increase in estimated product returns of $54 million primarily in the U.S. and Germany, a decrease in shipping and handling revenue of $35 million and a decrease in retail and outlet store revenue of $3 million primarily in the U.S. These amounts were partially offset by $140 million due to a 3.1% increase in units sold and $95 million due to a 2.0% increase in the consolidated ASP.

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

During the three and six months ended June 30, 2015, the changes in revenue and expenses were affected by changes in the exchange rates for the Japanese Yen, the Euro and the U.K. Pound Sterling. In the event the U.S. Dollar continues to strengthen against these foreign currencies in the future, QVC's revenue and operating cash flow will be negatively affected.

The percentage increase (decrease) in net revenue for each of QVC's geographic areas in U.S. Dollars and in local currency was as follows:

	Three months ended June 30, 2015		Six months ended June 30, 2015	
	U.S. Dollars	Local currency	U.S. Dollars	Local currency
QVC-U.S.	4.0 %	4.0 %	3.4 %	3.4 %
QVC-Germany	(15.9)%	4.4 %	(15.5)%	3.8 %
QVC-Japan	(10.8)%	6.3 %	(12.9)%	2.2 %
QVC-U.K.	(2.8)%	6.6 %	(4.1)%	5.1 %
QVC-Italy	(14.7)%	4.2 %	(12.1)%	6.6 %

QVC-U.S. net revenue growth for the three and six month periods ended June 30, 2015 was primarily due toa 4.0% and 3.6% increase in units shipped and a 2.6% and 2.0% increase in ASP, offset by the increase in estimated product returns and lower shipping and handling revenue as discussed in the above paragraph. For both the three and six month periods ended June 30, 2015, QVC-U.S. and QVC-Germany experienced shipped sales growth in local currency primarily in the home and apparel categories. Both markets experienced softness in electronics and an increase in estimated product returns, as discussed in the paragraph above. For the three months ended June 30, 2015, QVC-Japan's shipped sales in local currency increased in home, jewelry, beauty and accessories partially offset by declines in apparel and electronics. For the six months ended June 30, 2015, QVC-Japan's shipped sales in local currency increased in home, beauty and electronics partially offset by declines in apparel, accessories and jewelry. For the three and six month periods ended June 30, 2015, QVC-U.K.'s shipped sales growth in local currency increased primarily in the home and jewelry categories. For both the three and six month periods ended June 30, 2015, QVC-Italy's shipped sales growth in local currency increased primarily in the beauty and apparel categories.

QVC's future net revenue growth will primarily depend on international expansion, sales growth from e-commerce and mobile platforms, additions of new customers from households already receiving QVC's television programming and increased spending from existing customers. QVC's future net revenue may also be affected by (i) the willingness of cable television and direct-to-home satellite system operators to continue carrying QVC's programming service; (ii) QVC's ability to maintain favorable channel positioning, which may become more difficult due to governmental action or from distributors converting analog customers to digital; (iii) changes in television viewing habits because of personal video recorders, video-on-demand and Internet video services; and (iv) general economic conditions.

QVC's gross profit percentage was 38.2% and 37.6% for the three and six months ended June 30, 2015, respectively, compared to 37.9% and 37.4% for the three and six months ended June 30, 2014. For both the three and six month periods ended June 30, 2015, the gross profit percentages increased primarily due to improved product margins in the U.S.

QVC's operating expenses are principally comprised of commissions, order processing and customer service expenses, credit card processing fees, telecommunications expenses and production costs. Operating expenses decreased $5 million or 2.8% and decreased $15 million or 4.2% for the three and six months ended June 30, 2015, respectively.

For the three months ended June 30, 2015, operating expenses decreased due to foreign currency exchange rate impacts of $12 million, partially offset by a $5 million increase in commissions and a $2 million increase in credit card processing fees. For the six months ended June 30, 2015, operating expenses decreased due to foreign currency exchange rate impacts of $23 million, partially offset by a $5 million increase in commissions and a $4 million increase in credit card processing fees.

For both the three and six month periods ended June 30, 2015, the increase in commission expenses was primarily due to increased sales in the U.S. and higher programming distribution expenses in Japan. The increase in credit card processing fees was primarily due to the U.S. sales increase.

QVC's SG&A expenses include personnel, information technology, provision for doubtful accounts, credit card income and marketing and advertising expenses. Such expenses decreased $5 million and $3 million, for the three and six months ended June 30, 2015. SG&A expenses as a percent of net revenue decreased from 7.2% to 7.0% and increased from 7.1% to 7.2% for the three and six months ended June 30, 2015, respectively, as compared to the three and six months ended June 30, 2014.

For the three months ended June 30, 2015, the decrease was primarily due to the impact of foreign currency exchange rates of $11 million, a $5 million decrease in the provision for doubtful accounts, a $5 million decrease in outside services and a $4 million increase in credit card income, offset by an increase of $20 million in personnel costs. For the six months ended June 30, 2015, the decrease was primarily due to the impact of foreign currency exchange rates of $21 million, a $9 million increase in credit card income, a $5 million decrease in the provision for doubtful accounts, and a $3 million decrease in outside services, offset by an increase of $34 million in personnel costs.

For both the three and six month periods ended June 30, 2015 the decrease in the provision for doubtful accounts was primarily in the U.S. and Germany due to improved Easy-Pay collections and a mix shift away from electronic Easy-Pay sales in the U.S. which typically default at higher rates. The QVC Easy-Pay Plan (known as Q Pay in Germany and Italy) permits customers to pay for items in two or more installments. When the QVC Easy-Pay Plan is offered by QVC and elected by the customer, the first installment is 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. The increase in credit card income was due to favorable economics of the Q-Card portfolio in the U.S. The decrease in outside services was primarily driven by lower spend in global market expansion, information technology, and commerce platform projects in the U.S. The increase in personnel costs was due to an increase in bonus, benefits and merit primarily in the U.S. and Japan and staffing increases for the France start-up. QVC also experienced higher severance costs in both periods.

Depreciation and amortization consisted of the following:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	amounts in millions			
Affiliate agreements	$ 36	38	73	76
Customer relationships	42	43	85	86
Acquisition related amortization	78	81	158	162
Property and equipment	35	33	68	66
Software amortization	24	22	53	43
Channel placement amortization and related expenses	11	9	22	18
Total depreciation and amortization	$ 148	145	301	289

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

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

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	amounts in millions			
Revenue				
Digital Commerce businesses - continuing	$ 149	139	302	277
Disposed businesses	105	330	228	640
	$ 254	469	530	917
Adjusted OIBDA				
Digital Commerce businesses - continuing	$ 18	16	34	30
Disposed businesses	1	11	7	25
	$ 19	27	41	55
Operating Income (Loss)				
Digital Commerce businesses - continuing	$ (3)	(9)	4	(3)
Disposed businesses	(6)	2	(8)	1
	$ (9)	(7)	(4)	(2)

Digital Commerce businesses - continuing. Revenue for the continuing consolidated Digital Commerce businesses increased $10 million and $25 million for three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in the prior year. The increase in revenue was due to increases at most of our subsidiaries the most significant being Bodybuilding ($5 million and $15 million for the three and six month periods, respectively) and CommerceHub ($6 million and $11 million for the three and six month periods, respectively). The increase in

Bodybuilding revenue was primarily due to increased order volume on slightly decreased average order values. A portion of the decreased average order values for Bodybuilding was due to international sales and the foreign exchange impacts. CommerceHub revenue growth was primarily attributed to an acquisition during the first quarter of 2015 and growth in active customers (vendors and suppliers), which increased the number of aggregate transactions processed through the CommerceHub platform.

Adjusted OIBDA for the continuing Digital Commerce businesses increased $2 million and $4 million for the three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in the prior year. Adjusted OIBDA as a percentage of revenue was relatively flat, representing 12.1% and 11.3% for the three and six months ended June 30, 2015, respectively, as compared to 11.5% and 10.8% during the same periods in 2014.

Operating results for the continuing Digital Commerce businesses improved $6 million and $7 million for three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in the prior year. The improvement in operating results is primarily due to decreases in compensation and depreciation and amortization.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to market risk in the normal course of business due to our ongoing investing and financial activities and the conduct of operations by our subsidiaries in different foreign countries. Market risk refers to the risk of loss arising from adverse changes in stock prices, interest rates and foreign currency exchange rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks.

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We have achieved this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when we deem appropriate. As of June 30, 2015, our debt is comprised of the following amounts:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted average interest rate	Principal amount	Weighted average interest rate
	dollar amounts in millions			
QVC Group				
QVC	$ 895	1.6 %	$ 3,624	4.6 %
Corporate and other	$ —	— %	$ 1,138	6.1 %
Ventures Group				
Corporate and other	$ 34	2.5 %	$ 2,085	2.5 %

We are exposed to changes in stock prices primarily as a result of our significant holdings in publicly traded securities. We continually monitor changes in stock markets, in general, and changes in the stock prices of our holdings, specifically. We believe that changes in stock prices can be expected to vary as a result of general market conditions, technological changes, specific industry changes and other factors. We periodically use equity collars and other financial instruments to manage market risk associated with certain investment positions. These instruments are recorded at fair value based on option pricing models.

At June 30, 2015, the fair value of our AFS equity securities was $1,360 million. Had the market price of such securities been 10% lower at June 30, 2015, the aggregate value of such securities would have been $136 million lower. Our investments in Expedia, Inc., HSN, Inc. and FTD Companies, Inc. are publicly traded securities and are accounted for as equity method affiliates, which are not reflected at fair value in our balance sheet. The aggregate fair value of such securities was $4,274 million at June 30, 2015 and had the market price of such securities been 10% lower at June 30, 2015, the aggregate value of such securities would have been $427 million lower. Such changes in value are not directly reflected in our statement of operations. Additionally, our exchangeable senior debentures are also subject to market risk. Because we mark these instruments to fair value each reporting date, increases in the stock price of the respective underlying security and decreases in interest rates generally result in higher liabilities and unrealized losses in our statement of operations.

Liberty is exposed to foreign exchange rate fluctuations related primarily to the monetary assets and liabilities and the financial results of QVC's foreign subsidiaries. Assets and liabilities of foreign subsidiaries for which the functional currency is the local currency are translated into U.S. dollars at period-end exchange rates, and the statements of operations are generally translated at the average exchange rate for the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. dollars that result in unrealized gains or losses are referred to as translation adjustments. Cumulative translation adjustments are recorded in accumulated other comprehensive earnings (loss) as a separate component of stockholders' equity. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses, which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from our operations in foreign countries are translated at the average rate for the period. Accordingly, Liberty may experience economic loss and a negative impact on earnings and equity with respect to our holdings solely as a result of foreign currency exchange rate fluctuations.

We periodically assess the effectiveness of our derivative financial instruments. With regard to interest rate swaps, we monitor the fair value of interest rate swaps as well as the effective interest rate the interest rate swap yields, in comparison to historical interest rate trends. We believe that any losses incurred with regard to interest rate swaps would be largely offset by the effects of interest rate movements on the underlying debt facilities. These measures allow our management to evaluate the success of our use of derivative instruments and to determine when to enter into or exit from derivative instruments.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and its principal accounting and financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were not effective as of June 30, 2015 because of the continued material weakness in our internal control over financial reporting as discussed in more detail in our Form 10-K for the year ended December 31, 2014 under Part II, Item 9A. Management has begun implementation of the remediation plan described in our 10-K for the year ended December 31, 2014 and updated below to address this material weakness and is monitoring that implementation.

Changes in Internal Control over Financial Reporting

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

Remediation Plan for Material Weakness in Internal Control over Financial Reporting

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

- Establish a more comprehensive review and approval process at QVC for authorizing user access to information technology systems and monitoring user access to ensure that all information technology controls designed to restrict access to operating systems, applications and data, and the ability to make program changes, are operating in a manner that provides the Company and QVC with assurance that such access is properly restricted to the appropriate personnel.

- Evaluate responsibilities to provide for appropriate segregation of duties among the personnel.
- Develop and implement adequate training for QVC's personnel to reinforce pre-established and new information technology controls and their financial reporting objectives enabling a better understanding of the internal control environment to improve our ability to detect and prevent potential deficiencies.
- Engage external experts to assess and improve financial application access rights to optimize appropriate segregation of duties.

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

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

Although no assurance can be given as to when the remediation plan will be completed, the Company and QVC believe the remediation efforts will be completed during the third quarter of 2015 and will test and re-evaluate the effectiveness of QVC's information technology general controls thereafter.

PART II—OTHER INFORMATION

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

Share Repurchase Programs

On several occasions our board of directors has authorized a share repurchase program for our Series A and Series B QVC Group common stock. On each of May 5, 2006, November 3, 2006 and October 30, 2007 our board authorized the repurchase of $1 billion of Series A and Series B Liberty Interactive common stock for a total of $3 billion. These previous authorizations remained effective following the LMC Split-Off, notwithstanding the fact that the Liberty Interactive common stock ceased to be a tracking stock during the period following the LMC Split-Off and prior to the creation of our Liberty Ventures common stock in August 2012. On February 22, 2012 the board authorized the repurchase of an additional $700 million of Series A and Series B Liberty Interactive common stock. Additionally, on each of October 30, 2012 and February 27, 2014, the board authorized the repurchase of an additional $1 billion of Series A and Series B Liberty Interactive common stock. In connection with the TripAdvisor Holdings Spin-Off during August 2014, the board authorized $350 million for the repurchase of either the QVC Group or Liberty Ventures tracking stocks. In October 2014, the board authorized the repurchase of an additional $650 million of Series A and Series B Liberty Ventures common stock. In August 2015, the board authorized the repurchase of an additional $1 billion of Series A or Series B QVC Group or Liberty Ventures common stock.

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

	Series A QVC Group Common Stock			
Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 - 30, 2015	1,241,018	$ 29.06	1,241,018	$ 575 million
May 1 - 31, 2015	3,391,784	$ 28.38	3,391,784	$ 479 million
June 1 - 30, 2015	4,281,198	$ 28.50	4,281,198	$ 357 million
Total	8,914,000		8,914,000	

In addition to the shares listed in the table above, 1,868 shares of Series A QVC Group common stock and 469 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 June 30, 2015.

Item 6. Exhibits

(a) Exhibits

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

3.1	Restated Certificate of Incorporation of Liberty Interactive Corporation (incorporated by reference to Exhibit 3.1 to Amendment No. 4 to Liberty Interactive Corporation'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).
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).
10.1	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").
10.2	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).
10.3	Non-Qualified Stock Option Agreement under the Liberty Interactive Corporation 2010 Incentive Plan for Gregory B. Maffei, effective December 24, 2014.*
10.4	Liberty Interactive Corporation 2011 Nonemployee Director Incentive Plan (amended and restated as of May 6, 2015).*
31.1	Rule 13a-14(a)/15d-14(a) Certification*
31.2	Rule 13a-14(a)/15d-14(a) Certification*
32	Section 1350 Certification**
99.1	Unaudited Attributed Financial Information for Tracking Stock Groups*
99.2	Reconciliation of Liberty Interactive Corporation Net Assets and Net Earnings to Liberty Interactive LLC Net Assets and Net Earnings**
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Calculation Linkbase Document*
101.LAB	XBRL Taxonomy Label Linkbase Document*
101.PRE	XBRL Taxonomy Presentation Linkbase Document*
101.DEF	XBRL Taxonomy Definition Document*

* Filed herewith

** Furnished herewith

SIGNATURES

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

LIBERTY INTERACTIVE CORPORATION

Date: August 5, 2015	By:	/s/ GREGORY B. MAFFEI Gregory B. Maffei *President and Chief Executive Officer*
Date: August 5, 2015	By:	/s/ CHRISTOPHER W. SHEAN Christopher W. Shean *Senior Vice President and Chief Financial Officer* *(Principal Financial Officer and Principal Accounting Officer)*

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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).
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101.DEF	XBRL Taxonomy Definition Document*

* Filed herewith

** Furnished herewith

Exhibit 10.3

December 24, 2014

Information for Recipients of
Liberty Interactive Corporation Nonqualified Stock Options
2010 Incentive Plan

Notice of Grant. Congratulations! You have been granted Nonqualified Stock Options exercisable for shares of Liberty Interactive Corporation's Series B Liberty Ventures Common Stock ("LVNTB") and Series B QVC Group Common Stock ("QVCB") (collectively, the "Options"). A Nonqualified Stock Option Agreement (the "Agreement") setting forth the terms of the Options follows this informational page . The Options were granted under the Liberty Interactive Corporation 2010 Incentive Plan (the "2010 Incentive Plan").

Acknowledgment of Grant By your signature on the Agreement, you are acknowledging the terms and conditions of the award set forth in the Agreement. The Options were granted by Liberty Interactive Corporation (the " Company ") and became effective as of the Grant Date (as that term is defined in the Agreement) and were granted on the terms and conditions reflected in the Agreement. The number and type of Options granted to you was approved by the Compensation Committee of the Board of Directors of the Company.

2010 Incentive Plan – Exhibit A. The 2010 Incentive Plan that governs the Options is incorporated into the Agreement as Exhibit A.

SEC Registration Statements. The LVNTB shares issuable upon exercise of the Options were registered with the Securities and Exchange Commission on a Form S-8 filed on December 17, 2014 (Registration No. 333-201010). The QVCB shares issuable upon exercise of the Options were registered with the Securities and Exchange Commission on a Form S-8 filed on December 17, 2014 (Registration No. 333-201010). Th e statement can be found on the Company's website at http://ir.libertyinteractive.com/sec.cfm. Also available on the Company's website are the most recent annual, quarterly and current reports as filed with the Securities and Exchange Commission. Please refer to these reports as well as the Company's future filings with the Securities and Exchange Commission (also available on the Company's website) for important information regarding the Company and its common stock.

Tax and Estate Advice. We recommend that you consult with your personal tax and/or estate advisor regarding the effect of the award of Options on your personal tax and estate situation.

LIBERTY INTERACTIVE CORPORATION
2010 INCENTIVE PLAN

NON-QUALIFIED STOCK OPTION AGREEMENT

THIS NON-QUALIFIED STOCK OPTION AGREEMENT (this "Agreement") is entered into effective as of December 24, 2014 by and between LIBERTY INTERACTIVE CORPORATION, a Delaware corporation (the "Company"), and Gregory B. Maffei (the "Grantee").

The Grantee is employed as of the Grant Date as the President and Chief Executive Officer of the Company. The Company has adopted the Liberty Interactive Corporation 2010 Incentive Plan (as may be amended prior to or after the Grant Date, the "Plan"), a copy of which as in effect on the Grant Date is attached hereto as Exhibit A and by this reference made a part hereof, for the benefit of eligible employees and independent contractors of the Company and its Subsidiaries. Capitalized terms used and not otherwise defined herein or in the Employment Agreement between the Company and the Grantee dated as of December 29, 2014 (the "Employment Agreement"), will have the meaning given thereto in the Plan.

The Company and the Grantee therefore agree as follows:

Definitions. All capitalized terms not defined in this Agreement that are defined in the Employment Agreement will have the meanings ascribed to them in the Employment Agreement. The following terms, when used in this Agreement, have the following meanings:

"Base Price" means the QVCB Base Price and/or the LVNTB Base Price, as the context requires.

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

"Cause" has the meaning specified in the Employment Agreement.

"Change in Control" has the meaning specified in the Employment Agreement.

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

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

"Common Stock" means QVCB Stock and/or LVNTB Stock, as the context requires.

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

"Disability" has the meaning specified in the Employment Agreement.

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

"Good Reason" has the meaning specified in the Employment Agreement.

"Grant Date" means December 24, 2014.

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

"LVNTB Base Price" means $37.63, the Fair Market Value of a share of LVNTB Stock on the Grant Date.

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

"LVNTB Stock" means the Company's Series B Liberty Ventures Common Stock.

"Malone Group" has the meaning specified in the Employment Agreement.

"Options" means the QVCB Options and/or the LVNTB Options, as the context requires.

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

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

"QVCB Base Price" means $29.87, the Fair Market Value of a share of QVCB Stock on the Grant Date.

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

"QVCB Stock" means the Company's Series B QVC Group Common Stock.

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

"Separation" means the date as of which the Grantee is no longer employed by the Company or any of its Subsidiaries.

"Subsidiary" has the meaning set forth in the Plan.

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

"Tranche" has the meaning specified in Section 3(a) of this Agreement.

Grant of Options. Subject to the terms and conditions herein and in the Plan, the Company hereby awards to the Grantee as of the Grant Date, options to purchase from the Company, exercisable as set forth in Section 3 below during the period commencing on the Grant Date and expiring at the Close of Business on December 24, 2021 (such period, the "Term"), subject to earlier termination as provided in Section 9 below: (a) nonqualified stock options to purchase from the Company at the QVCB Base Price 646,352 shares of QVCB Stock (the "QVCB Options"), and (b) nonqualified stock options to purchase from the Company at the LVNTB Base Price 1,406,463 shares of LVNTB Stock (the "LVNTB Options"). The Base Price of each Option and the number of Options granted hereunder are subject to adjustment pursuant to Section 13 below. No fractional shares of QVCB Stock or LVNTB Stock will be issuable upon exercise of an Option, and the Grantee will receive, in lieu of any fractional share of QVCB Stock or LVNTB 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 QVCB Stock or LVNTB Stock, as applicable, as of the date on which such exercise is considered to occur pursuant to Section 4 below.

Conditions of Exercise. Unless otherwise determined by the Committee in its sole discretion (provided that such determination is not adverse to the Grantee), the Options will be exercisable only in accordance with the conditions stated in this Section 3.

(a) The Options may be exercised only to the extent they have become vested and exercisable in accordance with the provisions of this Section 3. Except as otherwise provided in this Agreement or the Employment Agreement, subject to the Grantee's continued employment with the Company or any Subsidiary on each applicable date, one-half of the number of QVCB Options and one-half of the number of LVNTB Options subject to this Agreement (with any fractional Option rounded up to the nearest whole Option) will become vested and exercisable on each of December 24, 2018 and December 24, 2019. The Options that become vested and exercisable on each of the foregoing Vesting Dates are referred to as individual "Tranches."

(b) Notwithstanding the foregoing, (i) all Options will become vested and exercisable on the date of the Grantee's Separation if (A) the Grantee's Separation occurs on or after the Grant Date by reason of Disability or (B) the Grantee dies while employed by the Company or a Subsidiary, and (ii) Options that have not theretofore become vested and exercisable will become vested and exercisable (A) to the extent provided in Section 7 of this Agreement, upon the occurrence of a Change in Control, or (B) to the extent provided in Section 8 of this Agreement, on the date of the Grantee's Separation.

(c) To the extent the Options become vested and exercisable, any or all of such Options may be exercised (at any time or from time to time, except as otherwise provided herein) until expiration of the Term or earlier termination thereof as provided herein.

The Grantee acknowledges and agrees that the Committee, in its discretion and as contemplated by 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 Committee may determine are applicable thereto.

Manner of Exercise. Options will be considered exercised (as to the number and type of Options specified in the notice referred to in Section 4(a) below) on the latest of (i) the date of exercise designated in the written notice referred to in Section 4(a) below, (ii) if the date so designated is not a Business Day, the first Business Day following such date or (iii) the earliest Business Day by which the Company has received all of the following:

(d) Written notice, in such form as the Committee may require, containing such representations and warranties as the Committee may reasonably require and designating, among other things, the date of exercise and the number and type of shares of Common Stock ("Option Shares") to be purchased by exercise of Options;

(e) Payment of the Base Price for each Option Share to be purchased in any (or a combination) of the following forms, as determined by the Grantee: (A) cash, (B) check, (C) whole shares of any class or series of the Company's common stock, (D) 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 Base Price (and, if applicable the Required Withholding Amount, as described in Section 5 below), or (E) the delivery of irrevocable instructions for the Company to withhold the number of shares of QVCB Stock or LVNTB Stock, as applicable (valued at the Fair Market Value of such Common Stock on the date of exercise) required to pay the Base Price (and, if applicable, the Required Withholding Amount, as described in Section 5 below) that would otherwise be delivered by the Company to the Grantee upon exercise of the Options (it being acknowledged that the method of exercise described in this clause (E) applies to the Options granted pursuant to this Agreement and shall not apply to any options granted under the Plan to the Grantee after the Grant Date unless otherwise provided in the applicable award agreement); and

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

Mandatory Withholding for Taxes. The Grantee acknowledges and agrees that the Company will deduct from the shares of QVCB Stock or LVNTB Stock otherwise payable or deliverable upon exercise of any Options that number of shares of QVCB Stock or LVNTB Stock, as applicable, having a Fair Market Value on the date of exercise that is equal to the amount of all federal, state and local taxes required to be withheld by the Company or any Subsidiary of the Company upon such exercise, as determined by the Company (the "Required Withholding Amount"), unless the Grantee remits the Required Withholding Amount to the Company or its designee in cash in such form and by such time as the Company may require or other provisions for withholding such amount satisfactory to the Company have been made. If the Grantee elects to make payment of the Base Price by delivery of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay the Base Price, such instructions may also include instructions to deliver the Required Withholding Amount to the Company. In such case, the Company will notify the broker promptly of the Company's determination of the Required Withholding Amount. Notwithstanding the foregoing or anything contained herein to the contrary, (i) the Grantee may, in his sole discretion, direct the Company to deduct from the shares of Common Stock otherwise payable or deliverable upon exercise of any Options that number of shares of the type of Common Stock acquired upon exercise of such Options having a Fair Market Value of such Common Stock on the date of exercise that is equal to the Required Withholding Amount and (ii) the Company will not withhold any shares of Common Stock to pay the Required Withholding Amount if the Grantee has remitted cash to the Company or a Subsidiary or designee thereof in an amount equal to the Required Withholding Amount by such time as the Company may require.

Payment or Delivery by the Company. As soon as practicable after receipt of all items referred to in Section 4 above, and subject to the withholding referred to in Section 5 above, the Company will (i) deliver or cause to be delivered to the Grantee certificates issued in the Grantee's name for, or cause to be transferred to a brokerage account through Depository Trust Company for the benefit of the Grantee, the number and type of shares of Common Stock purchased by exercise of Options, and (ii) deliver any cash payment to which the Grantee is entitled in lieu of a fractional share of Common Stock as provided in Section 2 above. 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 certificates have been received by the Grantee, or at the time the stock transfer agent completes the 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 owed, has been delivered personally to the Grantee or, if delivery is by mail, upon receipt by the Grantee.

Effect of Change in Control on Exercisability of Options. Upon the occurrence of a Change in Control on or after the Grant Date but prior to the Grantee's Separation, any Options that are outstanding and unvested at the time of such Change in Control will immediately become vested and exercisable in full.

Effect of Termination of Employment by the Company Without Cause or by the Grantee For or Without Good Reason on Exercisability of Options.

(g) If the Grantee's Separation occurs on or after the Grant Date on account of a termination of the Grantee's employment by the Company without Cause or on account of a voluntary termination by the Grantee of his employment for Good Reason, a pro rata portion of each Tranche of each type of Options that is not vested on the date of such Separation will vest as of the date of such Separation, such pro rata portion with respect to each Tranche of each type of Options to be equal to the product of the number of Option Shares represented by the Options in such Tranche that are not vested on the date of such Separation, multiplied by a fraction, the numerator of which is the number of calendar days that have elapsed from the Grant Date through the date of Separation plus an additional 548 calendar days, and the denominator of which is the number of days in the entire vesting period for such Tranche (in no event to exceed the total number of Option Shares represented by the unvested Options in such Tranche as of the date of Separation). For purposes of this Agreement, the vesting period for each Tranche of each type of Options is the period that begins on the Grant Date and ends on the Vesting Date for such Tranche.

(h) Notwithstanding Section 8(a), if (A) members of the Malone Group cease to beneficially own (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, securities of the Company representing at least 20% of the combined voting power of the then outstanding securities of the Company ordinarily (and apart from rights accruing under special circumstances) having the right to vote in the election of directors (such percentage to be calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company's securities) and (B) within the period beginning 90 days before and ending 210 days after the date the condition prescribed in the foregoing clause (A) is satisfied (the "Malone Termination Period"), there shall occur a Separation on account of a termination of the Grantee's employment by the Company without Cause or on account of a voluntary termination by the Grantee of his employment for Good Reason and (C) at the time the condition prescribed in clause (A) is satisfied or immediately following the satisfaction of such condition, the Grantee does not beneficially own (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, securities of the Company representing at least 20% of the combined voting power of the then outstanding securities of the Company ordinarily (and apart from rights accruing under special circumstances) having the right to vote in the election of directors (such percentage to be calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company's securities), then all of the outstanding, unvested Options will vest and become exercisable in full as of the date of such Separation.

(i) If the Grantee's Separation occurs on or after the Grant Date on account of a voluntary termination by the Grantee of his employment without Good Reason, a pro rata portion of each Tranche of each type of Options that is not vested on the date of such Separation will vest and become exercisable as of the date of such Separation, such pro rata portion with respect to each Tranche of each type of Options to be equal to the product of the number of Option Shares represented by the Options in such Tranche that are not vested on the date of such Separation, multiplied by a fraction, the numerator of which is the number of calendar days that have elapsed from the Grant Date through the date of Separation, and the denominator of which is the number of days in the entire vesting period for such Tranche (in no event to exceed the total number of Option Shares represented by the unvested Options in such Tranche as of the date of Separation).

Termination of Options. The Options will terminate at the time specified below:

(j) If a Change in Control occurs after the Grant Date but prior to the Grantee's Separation, all Options will terminate at the expiration of the Term.

(k) If a Change in Control after the Grant Date has not then occurred and the Grantee's Separation occurs prior to the Close of Business on December 31, 2019 on account of a termination of the Grantee's employment for Cause, all Options that are not vested and exercisable as of the Close of Business on the date of Separation will terminate at that time and all Options that are vested and exercisable as of the Close of Business on the date of Separation will terminate at the Close of Business on the first Business Day following the expiration of the 90-day period that began on the date of the Grantee's Separation.

(l) If (i) the Grantee's Separation does not occur prior to the Close of Business on December 31, 2019, or (ii) a Change in Control after the Grant Date has not then occurred and the Grantee's Separation occurs (A) on account of a termination of the Grantee's employment without Cause, (B) on account of a termination of the Grantee's employment by the Grantee with or without Good Reason, or (C) by reason of the death or Disability of the Grantee, all Options that are not vested and exercisable as of the

Close of Business on the date of Separation after giving effect to the provisions of Sections 3 and 8 above will terminate at that time and all Options that are vested and exercisable as of the Close of Business on the date of Separation after giving effect to the provisions of Sections 3 and 8 above will terminate at the expiration of the Term.

In any event in which Options remain exercisable for a period of time following the date of the Grantee's Separation as provided above, the Options may be exercised during such period of time only to the extent the same were vested and exercisable as provided in Section 3 above on such date of Separation (after giving effect to the application of Section 8 above). Notwithstanding any period of time referenced in this Section 9 or any other provision of this Agreement or any other agreement that may be construed to the contrary, the Options will in any event terminate not later than upon the expiration of the Term.

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 Committee; 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.

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 Committee, (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 Committee may reasonably determine, taking into account, in addition to any other factors deemed relevant by the Committee, 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.

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 underlying the Options, as applicable, nor will the existence of this Agreement affect in any way the right or power of the Company or any stockholder of the Company to accomplish any corporate act, including, without limitation, any reclassification, reorganization or other change of or to its capital or business structure, merger, consolidation, liquidation, or sale or other disposition of all or any part of its business or assets.

Adjustments. If the outstanding shares of QVCB Stock or LVNTB Stock, as applicable, are subdivided into a greater number of shares (by stock dividend, stock split, reclassification or otherwise) or are combined into a smaller number of shares (by reverse stock split, reclassification or otherwise), or if the Committee determines that any stock dividend, extraordinary cash dividend, reclassification, recapitalization, reorganization, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase any shares of QVCB Stock or LVNTB Stock, as applicable, or other similar corporate event (including mergers or consolidations) affects shares of QVCB Stock or LVNTB Stock, as applicable, such that an adjustment is required to preserve the benefits or potential benefits intended to be made available under this Agreement, then the applicable Options will be subject to adjustment (including, without limitation, as to the number and type of Options and the Base Price per share of such Options) in such manner as the Committee, in its sole discretion, deems equitable and appropriate in connection with the occurrence of any of the events described in this Section 13 following the Grant Date.

Restrictions Imposed by Law. Without limiting the generality of Section 10.8 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 such 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.

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 United States first class mail, postage prepaid and addressed as follows:

Liberty Interactive Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112
Attn: General Counsel

Unless the Company elects to notify the Grantee 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 United States first class mail, postage prepaid, to the Grantee's address as listed in the records of the Company on the date of this Agreement, unless the Company has received written notification from the Grantee of a change of address.

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

(m) this Agreement may be amended from time to time as approved by the Committee (i) to cure any ambiguity or to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or (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 because of the adoption or promulgation of, or change in or of the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities laws; and

(n) subject to any required action by the Board or the stockholders of the Company, the Options granted under this Agreement may be canceled by the Company 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.

Grantee Employment. Nothing contained in this Agreement, and no action of the Company or the Committee with respect hereto, will confer or be construed to confer on the Grantee any right to continue in the employ of the Company or interfere in any way with the right of the Company to terminate the Grantee's employment at any time, with or without Cause, subject to the provisions of the Employment Agreement.

Nonalienation of Benefits. Except as provided in Section 10 of this Agreement, (i) 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 (ii) no right or benefit hereunder will in any manner be liable for or subject to the debts, contracts, liabilities or torts of the Grantee or other person entitled to such benefits.

Governing Law. This Agreement will be governed by, and construed in accordance with, the internal laws of the State of Colorado. Any dispute with respect to the enforcement or interpretation of this Agreement shall be subject to the arbitration provisions set forth in Section 9.12 of the Employment Agreement, whether or not the "Employment Period" under such agreement has ended.

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. The word "include" and all variations thereof are used in an illustrative sense and not in a limiting sense. All decisions of the Committee upon questions regarding this Agreement or the Plan 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.

Rules by Committee. The rights of the Grantee and the obligations of the Company hereunder will be subject to such reasonable rules and regulations as the Committee may adopt from time to time.

Entire Agreement. This Agreement, together with the applicable provisions of the Employment 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 expressed herein or in the Employment Agreement has been made regarding the Award and that this Agreement, together with the Employment 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 10 and 18, this Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

Grantee Acceptance. The Grantee will signify his acceptance of the terms and conditions of this Agreement by signing below and returning a signed copy to the Company.

Code Section 409A Compliance. To the extent that the provisions of Section 409A of the Code or any U.S. Department of the Treasury regulations promulgated thereunder are applicable to any Option, the parties intend that this Agreement will meet the requirements of such Code section and regulations and that the provisions hereof will be interpreted in a manner that is consistent with such intent. The Grantee will cooperate with the Company in taking such actions as the Company may reasonably request to assure that this Agreement will meet the requirements of Section 409A of the Code and any U.S. Department of the Treasury regulations promulgated thereunder and to limit the amount of any additional payments required by Section 9.7 of the Employment Agreement to be made to the Grantee.

Liberty Interactive Corporation

By: /s/ Richard N. Baer
Name: Richard N. Baer
Title: Senior Vice President and General Counsel

/s/ Gregory B. Maffei
Gregory B. Maffei

Exhibit A
Liberty Interactive Corporation 2010 Incentive Plan
(see attached)

Exhibit 10.4

LIBERTY INTERACTIVE CORPORATION
2011 NONEMPLOYEE DIRECTOR INCENTIVE PLAN

(Amended and Restated, as of May 6, 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 is hereby amended and restated as of May 6, 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 May 6, 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.

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 31.1

CERTIFICATION

I, Gregory B. Maffei, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Interactive Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2015

/s/ GREGORY B. MAFFEI

Gregory B. Maffei
President and Chief Executive Officer

CERTIFICATION

I, Christopher W. Shean, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Interactive Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2015

/s/ CHRISTOPHER W. SHEAN

Christopher W. Shean
Senior Vice President and Chief Financial Officer

Exhibit 32

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Liberty Interactive Corporation, a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ended June 30, 2015 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2015

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

Date: August 5, 2015

/s/ CHRISTOPHER W. SHEAN
Christopher W. Shean
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

Unaudited Attributed Financial Information for Tracking Stock Groups

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

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

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

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

As of June 30, 2015, our QVC Group common stock is intended to reflect the separate performance of our QVC Group which, subsequent to the reattribution, is comprised of our consolidated subsidiary, QVC, Inc. ("QVC") and our approximate 38% interest in HSN, Inc. As of June 30, 2015, our Liberty Ventures common stock is intended to reflect the separate performance of our Ventures Group which, subsequent to the reattribution, consists of our Digital Commerce businesses and our interests in equity method investments of Expedia, Inc., FTD, Interval Leisure Group, Inc. and LendingTree, Inc. and available-for-sale securities Time Warner Inc. and Time Warner Cable Inc.

Notwithstanding the following attribution of assets, liabilities, revenue, expenses and cash flows to the QVC Group and the Ventures Group, our tracking stock structure does not affect the ownership or the respective legal title to our assets or responsibility for our liabilities. We and our subsidiaries are each responsible for our respective liabilities. Holders of QVC Group common stock and Liberty Ventures common stock are holders of our common stock and are subject to risks associated with an investment in our company and all of our businesses, assets and liabilities. The issuance of QVC Group common stock and Liberty Ventures common stock does not affect the rights of our creditors or creditors of our subsidiaries.

SUMMARY ATTRIBUTED FINANCIAL DATA

QVC Group

		June 30, 2015	December 31, 2014
		amounts in millions	
Summary balance sheet data:			
Cash and cash equivalents	$	497	422
Trade and other receivables, net	$	800	1,196
Inventory	$	964	882
Investments in affiliates, accounted for using the equity method	$	196	375
Total assets	$	12,351	13,012
Long-term debt	$	5,685	5,851
Deferred income tax liabilities	$	949	1,033
Net assets attributable to Liberty Interactive common stock shareholders	$	4,130	4,280

		Three months ended June 30,		Six months ended June 30,	
		2015	2014	2015	2014
		amounts in millions			
Summary operations data:					
Revenue	$	1,998	2,483	3,936	4,917
Cost of sales		1,234	1,558	2,455	3,114
Operating expenses		174	217	343	430
Selling, general and administrative expenses (1)		157	272	316	525
Impairment of intangible assets		—	7	—	7
Depreciation and amortization		149	165	301	327
Operating income (loss)		284	264	521	514
Interest expense		(70)	(79)	(145)	(155)
Share of earnings (losses) of affiliates, net		9	7	33	28
Realized and unrealized gains (losses) on financial instruments, net		8	6	(2)	7
Other income (expense), net		(31)	(1)	(23)	—
Income tax benefit (expense)		(80)	(76)	(104)	(149)
Net earnings (loss) from continuing operations		120	121	280	245
Net earnings (loss) from discontinued operations		—	(7)	—	(11)
Net earnings (loss)		120	114	280	234
Less net earnings (loss) attributable to noncontrolling interests		8	9	17	19
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$	112	105	263	215

(1) Includes stock-based compensation of $12 million and $24 million for the three months ended June 30, 2015 and 2014, respectively, and $24 million and $48 million for the six months ended June 30, 2015 and 2014, respectively.

SUMMARY ATTRIBUTED FINANCIAL DATA (Continued)

Ventures Group

		June 30, 2015	December 31, 2014
		amounts in millions	
Summary balance sheet data:			
Cash and cash equivalents	$	2,092	1,884
Investments in available-for-sale securities and other cost investments	$	1,401	1,220
Investments in affiliates, accounted for using the equity method	$	1,325	1,258
Total assets	$	5,995	5,828
Long-term debt, including current portion	$	2,287	2,191
Deferred income tax liabilities, including current portion	$	2,034	1,987
Net assets attributable to Liberty Ventures common stock shareholders	$	1,509	1,393

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
	amounts in millions			
Summary operations data:				
Revenue	$ 254	—	530	—
Cost of sales	175	—	369	—
Operating, including stock-based compensation	24	—	46	—
Selling, general and administrative expenses (1)	58	6	103	9
Depreciation and amortization	12	(1)	28	—
Operating income (loss)	(15)	(5)	(16)	(9)
Interest expense	(20)	(19)	(40)	(38)
Share of earnings (losses) of affiliates, net	78	(3)	57	(26)
Realized and unrealized gains (losses) on financial instruments, net	24	(47)	30	(73)
Gains (losses) on dispositions, net	111	—	111	—
Other, net	2	4	9	10
Income tax benefit (expense)	(42)	36	(21)	69
Net earnings (loss) from continuing operations	138	(34)	130	(67)
Net earnings (loss) from discontinued operations	—	26	—	49
Net earnings (loss)	138	(8)	130	(18)
Less net earnings (loss) attributable to noncontrolling interests	8	20	8	38
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	$ 130	(28)	122	(56)

(1) Includes stock-based compensation of $17 million and $2 million for the three months ended June 30, 2015 and 2014, respectively, and $20 million and $3 million for the six months ended June 30, 2015 and 2014, respectively.

BALANCE SHEET INFORMATION

June 30, 2015

(unaudited)

	Attributed (note 1)			
	QVC Group	**Ventures Group**	**Inter-group Eliminations**	**Consolidated Liberty**
	amounts in millions			
Assets				
Current assets:				
Cash and cash equivalents	$ 497	2,092	—	2,589
Trade and other receivables, net	800	59	—	859
Inventory, net	964	65	—	1,029
Short-term marketable securities	8	837	—	845
Other current assets	273	8	(204)	77
Total current assets	2,542	3,061	(204)	5,399
Investments in available-for-sale securities and other cost investments (note 2)	4	1,401	—	1,405
Investments in affiliates, accounted for using the equity method (note 3)	196	1,325	—	1,521
Property and equipment, net	982	38	—	1,020
Intangible assets not subject to amortization	7,592	127	—	7,719
Intangible assets subject to amortization, net	976	38	—	1,014
Other assets, at cost, net of accumulated amortization	59	5	—	64
Total assets	$ 12,351	5,995	(204)	18,142
Liabilities and Equity				
Current liabilities:				
Intergroup payable (receivable) (note 7)	$ 1	(1)	—	—
Accounts payable	567	34	—	601
Accrued liabilities	570	45	—	615
Current portion of debt (note 4)	9	907	—	916
Current deferred tax liabilities	—	1,244	(204)	1,040
Other current liabilities	155	82	—	237
Total current liabilities	1,302	2,311	(204)	3,409
Long-term debt (note 4)	5,685	1,380	—	7,065
Deferred income tax liabilities	949	790	—	1,739
Other liabilities	190	12	—	202
Total liabilities	8,126	4,493	(204)	12,415
Equity/Attributed net assets (liabilities)	4,130	1,509	—	5,639
Noncontrolling interests in equity of subsidiaries	95	(7)	—	88
Total liabilities and equity	$ 12,351	5,995	(204)	18,142

STATEMENT OF OPERATIONS INFORMATION

Three months ended June 30, 2015

(unaudited)

	Attributed (note 1)		
	QVC Group	Ventures Group	Consolidated Liberty
	amounts in millions		
Total revenue, net	$ 1,998	254	2,252
Operating costs and expenses:			
Cost of sales	1,234	175	1,409
Operating, including stock-based compensation (note 5)	174	24	198
Selling, general and administrative, including stock-based compensation (note 5)	157	58	215
Depreciation and amortization	149	12	161
	1,714	269	1,983
Operating income (loss)	284	(15)	269
Other income (expense):			
Interest expense	(70)	(20)	(90)
Share of earnings (losses) of affiliates, net (note 3)	9	78	87
Realized and unrealized gains (losses) on financial instruments, net	8	24	32
Gains (losses) on dispositions, net (note 1)	—	111	111
Other, net	(31)	2	(29)
	(84)	195	111
Earnings (loss) before income taxes	200	180	380
Income tax benefit (expense)	(80)	(42)	(122)
Net earnings (loss)	120	138	258
Less net earnings (loss) attributable to noncontrolling interests	8	8	16
Net earnings (loss) attributable to Liberty stockholders	$ 112	130	242

STATEMENT OF OPERATIONS INFORMATION

Three months ended June 30, 2014

(unaudited)

	Attributed (note 1) QVC Group	Ventures Group	Consolidated Liberty
	amounts in millions		
Total revenue, net	$ 2,483	—	2,483
Operating costs and expenses:			
Cost of sales	1,558	—	1,558
Operating, including stock-based compensation	217	—	217
Selling, general and administrative, including stock-based compensation (note 5)	272	6	278
Impairment of Long Lived Assets	7	—	7
Depreciation and amortization	165	(1)	164
	2,219	5	2,224
Operating income (loss)	264	(5)	259
Other income (expense):			
Interest expense	(79)	(19)	(98)
Share of earnings (losses) of affiliates, net (note 3)	7	(3)	4
Realized and unrealized gains (losses) on financial instruments, net	6	(47)	(41)
Other, net	(1)	4	3
	(67)	(65)	(132)
Earnings (loss) from continuing operations before income taxes	197	(70)	127
Income tax benefit (expense)	(76)	36	(40)
Net earnings (loss) from continuing operations	121	(34)	87
Earnings (loss) from discontinued operations, net of taxes	(7)	26	19
Net earnings (loss)	114	(8)	106
Less net earnings (loss) attributable to noncontrolling interests	9	20	29
Net earnings (loss) attributable to Liberty stockholders	$ 105	(28)	77

STATEMENT OF OPERATIONS INFORMATION

Six months ended June 30, 2015

(unaudited)

	Attributed (note 1)		
	QVC Group	Ventures Group	Consolidated Liberty
	amounts in millions		
Total revenue, net	$ 3,936	530	4,466
Operating costs and expenses:			
Cost of sales	2,455	369	2,824
Operating, including stock-based compensation (note 5)	343	46	389
Selling, general and administrative, including stock-based compensation (note 5)	316	103	419
Depreciation and amortization	301	28	329
	3,415	546	3,961
Operating income (loss)	521	(16)	505
Other income (expense):			
Interest expense	(145)	(40)	(185)
Share of earnings (losses) of affiliates, net (note 3)	33	57	90
Realized and unrealized gains (losses) on financial instruments, net	(2)	30	28
Gains (losses) on dispositions, net (note 1)	—	111	111
Other, net	(23)	9	(14)
	(137)	167	30
Earnings (loss) before income taxes	384	151	535
Income tax benefit (expense)	(104)	(21)	(125)
Net earnings (loss)	280	130	410
Less net earnings (loss) attributable to noncontrolling interests	17	8	25
Net earnings (loss) attributable to Liberty stockholders	$ 263	122	385

STATEMENT OF OPERATIONS INFORMATION

Six months ended June 30, 2014

(unaudited)

	Attributed (note 1) QVC Group	Attributed (note 1) Ventures Group	Consolidated Liberty
	amounts in millions		
Total revenue, net	$ 4,917	—	4,917
Operating costs and expenses:			
Cost of sales	3,114	—	3,114
Operating, including stock-based compensation	430	—	430
Selling, general and administrative, including stock-based compensation (note 5)	525	9	534
Impairment of intangible assets	7	—	7
Depreciation and amortization	327	—	327
	4,403	9	4,412
Operating income (loss)	514	(9)	505
Other income (expense):			
Interest expense	(155)	(38)	(193)
Share of earnings (losses) of affiliates, net (note 3)	28	(26)	2
Realized and unrealized gains (losses) on financial instruments, net	7	(73)	(66)
Other, net	—	10	10
	(120)	(127)	(247)
Earnings (loss) from continuing operations before income taxes	394	(136)	258
Income tax benefit (expense)	(149)	69	(80)
Net earnings (loss) from continuing operations	245	(67)	178
Earnings (loss) from discontinued operations, net of taxes	(11)	49	38
Net earnings (loss)	234	(18)	216
Less net earnings (loss) attributable to noncontrolling interests	19	38	57
Net earnings (loss) attributable to Liberty stockholders	$ 215	(56)	159

STATEMENT OF CASH FLOWS INFORMATION

Six months ended June 30, 2015

(unaudited)

	Attributed (note 1)		
	QVC Group	Ventures Group	Consolidated Liberty
	amounts in millions		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings (loss)	$ 280	130	410
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	301	28	329
Stock-based compensation	24	20	44
Cash payments for stock based compensation	—	(10)	(10)
Excess tax benefit from stock based compensation	(14)	(2)	(16)
Share of (earnings) losses of affiliates, net	(33)	(57)	(90)
Cash receipts from return on equity investments	14	13	27
Realized and unrealized gains (losses) on financial instruments, net	2	(30)	(28)
(Gains) losses on dispositions	—	(111)	(111)
Deferred income tax (benefit) expense	(91)	61	(30)
Other, net	25	7	32
Intergroup tax allocation	43	(43)	—
Intergroup tax (payments) receipts	(55)	55	—
Changes in operating assets and liabilities			
Current and other assets	283	4	287
Payables and other current liabilities	(208)	(38)	(246)
Net cash provided (used) by operating activities	571	27	598
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash paid for acquisitions	—	(20)	(20)
Cash proceeds from dispositions	—	271	271
Investments in and loans to cost and equity investees	(2)	(96)	(98)
Cash receipts from returns of equity investments	200	—	200
Capital expended for property and equipment	(80)	(24)	(104)
Purchases of short term and other marketable securities	(80)	(546)	(626)
Sales of short term and other marketable securities	93	584	677
Other investing activities, net	(47)	—	(47)
Net cash provided (used) by investing activities	84	169	253
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of debt	1,098	369	1,467
Repayments of debt	(1,288)	(340)	(1,628)
Repurchases of Liberty common stock	(377)	—	(377)
Minimum withholding taxes on net settlements of stock-based compensation	(14)	1	(13)
Excess tax benefit from stock-based compensation	14	2	16
Other financing activities, net	(4)	(20)	(24)
Net cash provided (used) by financing activities	(571)	12	(559)
Effect of foreign currency rates on cash	(9)	—	(9)
Net increase (decrease) in cash and cash equivalents	75	208	283
Cash and cash equivalents at beginning of period	422	1,884	2,306
Cash and cash equivalents at end period	$ 497	2,092	2,589

STATEMENT OF CASH FLOWS INFORMATION

Six months ended June 30, 2014

(unaudited)

	Attributed (note 1)		
	QVC Group	Ventures Group	Consolidated Liberty
	amounts in millions		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings (loss)	$ 234	(18)	216
Adjustments to reconcile net earnings to net cash provided by operating activities:			
(Earnings) loss from discontinued operations	11	(49)	(38)
Depreciation and amortization	327	—	327
Stock-based compensation	48	3	51
Cash payments for stock based compensation	(5)	(1)	(6)
Excess tax benefit from stock-based compensation	(9)	(1)	(10)
Share of losses (earnings) of affiliates, net	(28)	26	(2)
Cash receipts from return on equity investments	10	10	20
Realized and unrealized gains (losses) on financial instruments, net	(7)	73	66
Impairment of intangible assets	7		7
Deferred income tax (benefit) expense	(101)	35	(66)
Other, net	4	3	7
Intergroup tax allocation	105	(105)	—
Intergroup tax (payments) receipts	(276)	276	—
Changes in operating assets and liabilities			
Current and other assets	310	1	311
Payables and other current liabilities	(46)	(5)	(51)
Net cash provided (used) by operating activities	584	248	832
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash proceeds from dispositions	—	25	25
Investments in and loans to cost and equity investees	(2)	(29)	(31)
Capital expended for property and equipment	(88)	3	(85)
Purchases of short term and other marketable securities	(38)	(219)	(257)
Sales of short term and other marketable securities	27	210	237
Other investing activities, net	(10)	15	5
Net cash provided (used) by investing activities	(111)	5	(106)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of debt	1,895	—	1,895
Repayments of debt	(1,739)	(5)	(1,744)
Repurchases of Liberty Interactive common stock	(478)	—	(478)
Minimum withholding taxes on net settlements of stock-based compensation	(14)	—	(14)
Excess tax benefit from stock-based compensation	9	1	10
Intergroup receipts (payments), net	2	(2)	—
Other financing activities, net	(36)	—	(36)
Net cash provided (used) by financing activities	(361)	(6)	(367)
Net cash provided (used) by discontinued operations:			
Operating	(14)	269	255
Investing	1	(12)	(11)
Financing	(1)	(23)	(24)
Effect of foreign currency rates on cash		3	3
Change in available cash held by discontinued operations	2	(237)	(235)
Net cash provided (used) by discontinued operations	(12)	—	(12)
Effect of foreign currency rates on cash	(5)	—	(5)
Net increase (decrease) in cash and cash equivalents	95	247	342
Cash and cash equivalents at beginning of period	595	307	902
Cash and cash equivalents at end period	$ 690	554	1,244

Notes to Attributed Financial Information

(unaudited)

(1) At June 30, 2015, the QVC Group is comprised of our consolidated subsidiary, QVC, and our approximate38% interest in HSN, Inc., accounted for under the equity method. Accordingly, the accompanying attributed financial information for the QVC Group includes the foregoing investment, as well as the assets, liabilities, revenue, expenses and cash flows of QVC. We have also attributed certain of our debt obligations (and related interest expense) to the QVC Group based upon a number of factors, including the cash flow available to the QVC Group and its ability to pay debt service and our assessment of the optimal capitalization for the QVC Group. The specific debt obligations attributed to each of the QVC Group and the Ventures Group are described in note 4 below. In addition, we have allocated certain corporate general and administrative expenses among the QVC Group and the Ventures Group as described in note 5 below.

At June 30, 2015, the QVC Group is primarily focused on our merchandise-focused televised shopping programs, Internet and mobile application businesses. Accordingly, we expect that businesses that we may acquire in the future that we believe are complementary to this strategy will also be attributed to the QVC Group.

At June 30, 2015, the Ventures Group consists of all of our businesses not included in the QVC Group including our Digital Commerce businesses and interests in equity method investments of Expedia, Inc., Interval Leisure Group, Inc., FTD and LendingTree, Inc. and available-for-sale securities Time Warner Inc. and Time Warner Cable Inc. Accordingly, the accompanying attributed financial information for the Ventures Group includes these investments as well as the assets, liabilities, revenue, expenses and cash flows of the Digital Commerce businesses. In addition, we have attributed to the Ventures Group all of our senior exchangeable debentures (and related interest expense). See note 4 below for the debt obligations attributed to the Ventures Group.

As discussed in note 1 to the accompanying condensed consolidated financial statements, Liberty entered into an agreement with Liberty Broadband Corporation ("Liberty Broadband"), whereby Liberty will invest $2.4 billion in Liberty Broadband in connection with the closing of the proposed merger of Charter Communications, Inc. and Time Warner Cable Inc. The proceeds of this investment will be used by Liberty Broadband to fund, in part, its agreement to acquire $4.3 billion of Charter stock. However, Liberty Broadband has the right, and may determine, to incur debt financing (subject to certain conditions) to fund a portion of the purchase price for its investment in Charter, in which case Liberty Broadband may reduce the aggregate subscription for its Series C shares by up to 25%, with such reduction applied pro rata to all investors, including Liberty. Liberty's investment in Liberty Broadband will be funded using cash on hand and short term investments and will be attributed to the Ventures Group.

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

Any businesses that we may acquire in the future that we do not attribute to the QVC Group will be attributed to the Ventures Group.

(2) Investments in available-for-sale securities, including non-strategic securities, and other cost investments are summarized as follows:

	June 30, 2015	December 31, 2014
	amounts in millions	
QVC Group		
Other	$ 4	4
Total QVC Group	4	4
Ventures Group		
Time Warner Inc.	384	375
Time Warner Cable Inc.	955	815
Other	62	30
Total Ventures Group	1,401	1,220
Consolidated Liberty	$ 1,405	1,224

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

	June 30, 2015			Share of earnings (losses)			
				Three months ended June 30,		Six months ended June 30,	
	Percentage ownership	Carrying value	Market value	2015	2014	2015	2014
	dollar amounts in millions						
QVC Group							
HSN, Inc.	38 %	$ 151	1,405	12	9	37	31
Other	various	45	NA	(3)	(2)	(4)	(3)
Total QVC Group		196		9	7	33	28
Ventures Group							
Expedia, Inc.	18 %	587	2,581	76	10	80	4
FTD (1)	36 %	358	288	7	NA	5	NA
Other	various	380	NA	(5)	(13)	(28)	(30)
Total Ventures Group		1,325		78	(3)	57	(26)
Consolidated Liberty		$ 1,521		87	4	90	2

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

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

	June 30, 2015	
	Outstanding principal	Carrying value
	amounts in millions	
QVC Group		
8.5% Senior Debentures due 2029	$ 287	285
8.25% Senior Debentures due 2030	505	501
1% Exchangeable Senior Debentures due 2043	346	392
QVC 3.125% Senior Secured Notes due 2019	400	399
QVC 5.125% Senior Secured Notes due 2022	500	500
QVC 4.375% Senior Secured Notes due 2023	750	750
QVC 4.850% Senior Secured Notes due 2024	600	600
QVC 4.45% Senior Secured Notes due 2025	600	599
QVC 5.45% Senior Secured Notes due 2034	400	399
QVC 5.95% Senior Secured Notes due 2043	300	300
QVC Bank Credit Facilities	895	895
Other subsidiary debt	74	74
Total QVC Group debt	5,657	5,694
Ventures Group		
4% Exchangeable Senior Debentures due 2029	436	285
3.75% Exchangeable Senior Debentures due 2030	438	290
3.5% Exchangeable Senior Debentures due 2031	351	307
0.75% Exchangeable Senior Debentures due 2043	850	1,361
Subsidiary level notes and facilities	44	44
Total Ventures Group debt	2,119	2,287
Total consolidated Liberty debt	$ 7,776	7,981
Less current maturities		(916)
Total long-term debt		$ 7,065

(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 $4 million and $4 million for the three months ended June 30, 2015 and 2014, respectively, and $8 million and $6 million for the six months ended June 30, 2015 and 2014, respectively. We note that stock compensation related to each tracking stock group is determined based on actual options outstanding for each respective tracking stock group.

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

(6) The QVC Group common stock (formerly the Liberty Interactive common stock) and the Liberty Ventures common stock have voting and conversion rights under our restated charter. Following is a summary of those

rights. Holders of Series A common stock of each group are entitled to one vote per share, and holders of Series B common stock of each group are entitled to ten votes per share. Holders of Series C common stock of each group, if issued, are entitled to 1/100th of a vote per share in certain limited cases and will otherwise not be entitled to vote. In general, holders of Series A and Series B common stock will vote as a single class. In certain limited circumstances, the board may elect to seek the approval of the holders of only Series A and Series B QVC Group common stock or the approval of the holders of only Series A and Series B Liberty Ventures common stock.

At the option of the holder, each share of Series B common stock 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.

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

Exhibit 99.2

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

June 30, 2015 (unaudited)

amounts in millions

Liberty Interactive Corporation Net Assets	$	5,727
Reconciling items:		
LINT put option obligations		—
LINT LLC Net Assets	$	5,727
Liberty Interactive Corporation Net Earnings	$	410
Reconciling items:		
General and administrative expenses		—
Liberty Interactive LLC Net Earnings	$	410