

# Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name  LIBERTY INTERACTIVE CORPORATION		<b>2</b> Issuer's employer identification number (EIN)  84-1288730	
<b>3</b> Name of contact for additional information  MARLENE HILL	<b>4</b> Telephone No. of contact  720-875-5400	<b>5</b> Email address of contact  MARLENE@LIBERTYMEDIA.COM	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact  12300 LIBERTY BOULEVARD		<b>7</b> City, town, or post office, state, and Zip code of contact  ENGLEWOOD, CO 80112	
<b>8</b> Date of action  10/1/15		<b>9</b> Classification and description  REORGANIZATION WITH ZULILY, INC.	
<b>10</b> CUSIP number  53071M104	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol  QVCA	<b>13</b> Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ SEE ATTACHED

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ SEE ATTACHED

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ SEE ATTACHED

**Part II Organizational Action (continued)**

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHED

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18 Can any resulting loss be recognized? ▶ SEE ATTACHED

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHED

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶  Date ▶ 10/8/15

Print your name ▶ TIM LENNEMAN Title ▶ VICE PRESIDENT

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Liberty Interactive Corporation  
84-1288730  
Attachment to Form 8937

REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

**Form 8937 Part II, Box 14:**

On October 1, 2015, Mocha Merger Sub, Inc. ("Mocha"), a wholly owned merger subsidiary of Liberty Interactive Corporation ("Liberty Interactive"), merged with and into zulily, inc. ("zulily"), with zulily surviving the first merger as a wholly owned indirect subsidiary of Liberty Interactive. Immediately following the first merger, and as part of the same plan, zulily, as surviving corporation of the first merger, will be merged with and into Ziggy Merger Sub, LLC ("Ziggy"), a direct wholly owned merger subsidiary of Liberty Interactive, with Ziggy surviving the second merger as the surviving company and a wholly owned direct subsidiary of Liberty Interactive.

As a result of this merger, each share of zulily Series A Common Stock and Series B Common Stock was exchanged for 0.3098 fractional shares of Liberty Interactive (Series A QVC Group common stock, QVCA) and \$9.375 in cash.

**Form 8937 Part II, Box 15:**

The merger of zulily into Liberty Interactive qualifies as a tax-free reorganization with the meaning of Section 368(a)(1)(A) of the Internal Revenue Code, as amended. As a result, each zulily shareholder will recognize gain, but not loss, equal to the lesser of (1) the amount of gain realized (that is, the excess, if any, of the sum of the cash and the fair market value of the Liberty Interactive common stock (see below) received over such holder's tax basis in the zulily stock surrendered in the merger); and (2) the amount of cash received in the merger. For this purpose, gain or loss must be calculated separately for each identifiable block of shares surrendered in the merger, and a loss realized on one block of shares may not be used to offset a gain realized on another block of shares. Cash received and gain realized in connection with the receipt of cash in lieu of a fractional share of Liberty Interactive common stock are not taken into account in making the computations of gain realized or recognized and basis of the shares received. Shareholders should consult with a qualified tax advisor for questions regarding their specific tax treatment.

**Form 8937 Part II, Box 16:**

Under applicable federal income tax rules, the fair market value of the Liberty Interactive common stock received on October 1, 2015 is \$26.535.

Where one Liberty Interactive share is received in exchange for more than one zulily share, then the Adjusted Basis must be allocated to the Liberty Interactive shares received in a manner that reflects, to the greatest extent possible, the basis in zulily shares that were acquired on the same date and at the same price. To the extent it is not possible to allocate the aggregate basis in this manner, the aggregate basis of the zulily shares surrendered must be allocated to the Liberty Interactive shares in a manner that minimizes the disparity in the holding periods of the zulily shares whose basis is allocated to any particular Liberty Interactive share received.

**Form 8937 Part II, Box 17:**

IRC Sections 354(a), 356(a), 358(a), 368(a), and 1223(1)

**Form 8937 Part II, Box 18:**

No loss can be recognized upon the exchange of the zulily common stock for the Liberty Interactive common stock and cash. If a taxable loss is calculated on the deemed sale of the fractional shares of Liberty Interactive common stock deemed to have been received in the exchange, this loss can be recognized. Shareholders should consult with a qualified tax advisor for questions regarding their specific tax treatment.

**Form 8937 Part II, Line 19:**

The adjustment to basis would be taken into account the year in which the merger was effective (calendar year 2015). As allowed under Internal Revenue Code sections noted in question 17, the series of mergers should be considered a reorganization within the meaning of IRC Section 368(a)(1)(A). Shareholders should consult with a qualified tax advisor for questions regarding their specific tax treatment.