# Report of Organizational Actions Affecting Basis of Securities

**Form 8937**
(December 2011)
Department of the Treasury
Internal Revenue Service

<table>
<thead>
<tr>
<th>Part I</th>
<th>Reporting Issuer</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Issuer's name</td>
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<tr>
<td>2</td>
<td>Issuer's employer identification number (EIN)</td>
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<tr>
<td>3</td>
<td>Name of contact for additional information</td>
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<tr>
<td>4</td>
<td>Telephone No. of contact</td>
</tr>
<tr>
<td>5</td>
<td>Email address of contact</td>
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<tr>
<td>6</td>
<td>Number and street (or P.O. box if mail is not delivered to street address) of contact</td>
</tr>
<tr>
<td>7</td>
<td>City, town, or post office, state, and Zip code of contact</td>
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<td>8</td>
<td>Date of action</td>
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<tr>
<td>9</td>
<td>Classification and description</td>
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<td>10</td>
<td>CUSIP number</td>
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<td>11</td>
<td>Serial number(s)</td>
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<td>Ticker symbol</td>
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<td>13</td>
<td>Account number(s)</td>
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</tbody>
</table>

**LIBERTY INTERACTIVE CORPORATION**
84-1288730

**MARLENE HILL**
720-875-5400
MARLENE@LIBERTYMEDIA.COM

12300 LIBERTY BOULEVARD
ENGLEWOOD, CO 80112

**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

18  Can any resulting loss be recognized? ➤ SEE ATTACHED

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

Sign Here  

Signature ➤ [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 if self-employed

Firm's name ➤ 
Firm's address ➤ 
Firm's EIN ➤ 
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.