

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): **November 8, 2016**

LIBERTY INTERACURTY

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Name</u>
99.1	Press Release dated November 8, 2016.



LIBERTY INTERACTIVE CORPORATION REPORTS THIRD QUARTER 2016 FINANCIAL RESULTS

Englewood, Colorado, November 8, 2016 - Liberty Interactive Corporation ("Liberty Interactive") (Nasdaq: QVCA, QVCB, LVNTA, LVNTB) today reported third quarter 2016 results. Highlights include⁽¹⁾:

Attributed to QVC Group

- QVC consolidated revenue down 3% to \$1.9 billion
- Local currency sales gains in all consolidated international markets
- QVC consolidated mobile penetration was 59% of QVC.com orders, a 603 basis point increase
 - QVC US mobile penetration was 58% of QVC.com orders, a 578 basis point increase
- zulily revenue grew 14% to \$359 million and operating loss was \$52 million, primarily as a result of approximately \$60 million of amortization of intangible assets recognized in purchase accounting
 - zulily adjusted OIBDA⁽²⁾ grew 20% to \$18 million
- From August 1, 2016 through October 31, 2016, repurchased 9.2 million QVCA shares at an average price per share of \$20.50 and a total cost of \$188 million

Attributed to Liberty Ventures Group

- Completed the split-off ("Split-off") of Liberty Expedia Holdings ("Expedia Holdings") (Nasdaq: LEXEA, LEXEB) on November 4, 2016
 - Expedia Holdings distributed \$300 million to Liberty Interactive in connection with Split-off, which was attributed to Liberty Ventures Group

"QVC did well internationally and just launched Beauty iQ, a new multiplatform network dedicated to beauty while zulily again posted impressive results," said Greg Maffei, Liberty Interactive President and CEO. "At Liberty Ventures, we completed the tax-free split-off of Expedia Holdings resulting in a distribution of \$300 million that was attributed to Ventures."

QVC GROUP – For the quarter, QVC Group's revenue increased 15% to \$2.3 billion, operating income decreased 37% to \$167 million, adjusted OIBDA decreased 4% to \$406 million, net income decreased 60% to \$61 million and adjusted net income⁽³⁾ decreased 27% to \$148 million. QVC Group's reported GAAP results include the zulily acquisition

beginning in the fourth quarter of 2015 (see the “zulily” section below for a further discussion of the impact of the acquisition).

Subsequent to quarter end, on October 5, 2016, Liberty Interactive LLC (“LI LLC”) paid \$345 million to holders of substantially all of its 1% Exchangeable Senior Debentures due 2043 (the “1% Exchangeables”) that chose to exercise a purchase option requiring LI LLC to repurchase the 1% Exchangeables for a price equal to the adjusted principal amount per debenture plus accrued and unpaid interest. LI LLC funded this payment by drawing on the QVC bank credit facility.

QVC

“We are benefitting from our diversified global model,” said QVC president and CEO Mike George. “While we are facing sales pressures in our US business, we delivered local currency sales gains in every non-US market in the quarter. We are responding to the immediate domestic challenges through a series of strategies to drive more balanced growth across our categories, consistently deliver exceptional customer experiences, offer outstanding values, accelerate new customer acquisition, and lower operating costs. And last week we were thrilled to launch Beauty iQ, the first multi-platform shopping network dedicated exclusively to beauty. These actions demonstrate our confidence in the long-term health of our unique retail model.”

QVC's ONE Q organizational structure is allowing it to better leverage its global scale and capabilities, to enhance its competitive position and to create operational efficiencies. Beginning in the first quarter of 2016, QVC began allocating certain corporate costs for management reporting purposes differently. Historically, QVC allocated these costs to the market from which the services were provided. Now, as more of QVC's costs support initiatives in multiple markets, QVC is allocating costs to the markets that will benefit from the expenditures. These management cost allocations are related to certain functions, such as merchandising, commerce platforms, information technology, human resources, legal, finance, brand and communications, corporate development and administration. The cost allocations (from QVC US to

~~QVC Canada (the total of the combined costs of QVC US and QVC Canada) will be allocated to QVC Canada for the quarter ended 9/30/16 on the basis of the relative sales volume of QVC Canada to the total sales volume of QVC US and QVC Canada.~~

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adjusted OIBDA decreased 9% to \$393 million. Operating income, operating margin and adjusted OIBDA margin decreased 209 and 126 basis points, respectively. Operating income and adjusted OIBDA decreased 4%, 1% and 1%, respectively. Operating margin decreased 209 basis points. Operating income and adjusted OIBDA decreased 4%, 1% and 1%, respectively. Operating margin decreased 209 basis points. Operating income and adjusted OIBDA decreased 4%, 1% and 1%, respectively. Operating margin decreased 209 basis points.

zulily revenue increased 14% to \$359 million in the third quarter driven by strong growth in total orders. Mobile orders mMt ise



- 2) For a definition of adjusted OIBDA and applicable reconciliations and a definition of adjusted OIBDA margin, see the accompanying schedules.
- 3) For a definition of adjusted net income and applicable reconciliations, see the accompanying schedules.
- 4) For a definition of constant currency financial metrics and applicable reconciliations, see the accompanying schedules.

QVC OPERATING METRICS – QUARTER*(amounts in millions)*

	3Q15	3Q16	% Change
QVC - Consolidated			
Total eCommerce revenue (\$)	\$ 861	\$ 882	2 %
Total eCommerce revenue (%)	42.9 %	45.3 %	238 bps
Mobile % of total eCommerce ⁽¹⁾	53.0 %	59.0 %	603 bps
LTM total customers ⁽²⁾	12.6	12.7	1 %
QVC - US			
US eCommerce revenue (\$)	\$ 678	\$ 684	1 %
US eCommerce revenue (%)	47.7 %	51.1 %	342 bps
Mobile % of US eCommerce ⁽¹⁾	52.2 %	58.0 %	578 bps
LTM total customers ⁽²⁾	8.1	8.1	0 %
Return rate	19.2 %	17.5 %	(170)bps
zulily			
Mobile % of total orders	58.7 %	65.5 %	680 bps
LTM total customers ⁽²⁾	4.9	5.0	2 %

(1) Based on gross US Dollar orders.

(2) LTM: Last twelve months.

Cash and Debt

The following presentation is provided to separately identify cash and liquid investments and debt information.

	6/30/2016	9/30/2016
Cash and Liquid Investments Attributable to:		
QVC Group	\$ 394	\$ 348
Liberty Ventures Group	116	157
Total Liberty Consolidated Cash and Liquid Investments	\$ 510	\$ 505
Debt:		
Senior notes and debentures ⁽¹⁾	\$ 791	\$ 791
Senior exchangeable debentures ⁽²⁾	345	345
QVC senior notes ⁽¹⁾	3,550	3,550
QVC bank credit facility	1,675	1,625
Other	76	178
Total Attributed QVC Group Debt	\$ 6,437	\$ 6,489
Unamortized discount, fair market value adjustment and deferred loan costs	(39)	(37)
Total Attributed QVC Group Debt (GAAP)	\$ 6,398	\$ 6,452
Senior exchangeable debentures ⁽²⁾	\$ 1,419	\$ 1,961
Margin loans	375	—
Other	29	26
Total Attributed Liberty Ventures Group Debt	\$ 1,823	\$ 1,987
Fair market value adjustment	6	(284)
Total Attributed Liberty Ventures Group Debt (GAAP)	\$ 1,829	\$ 1,703
Total Liberty Interactive Corporation Debt (GAAP)	\$ 8,227	\$ 8,155

(1) Face amount of Senior Notes and Debentures with no reduction for the unamortized discount.

(2) Face amount of Senior Exchangeable Debentures with no reduction for the fair market value adjustment.

Total cash and liquid investments attributed to the QVC Group declined
