



Fourth Quarter 2014 Earnings Call

February 25, 2015

Forward Looking Statements

This presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about business strategies, market potential, future financial prospects, international expansion, including the launch of QVC France and the expected expenditures in connection therewith, new service and product offerings, the monetization of our non-core assets, the continuation of our stock repurchase program, the estimated liabilities under exchangeable debentures and other matters that are not historical facts. These forward-looking statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including, without limitation, possible changes in market acceptance of new products or services, competitive issues, regulatory matters affecting our businesses, continued access to capital on terms acceptable to Liberty Interactive, changes in law and government regulations that may impact the derivative instruments that hedge certain of our financial risks, availability of investment opportunities and market conditions conducive to stock repurchases. These forward-looking statements speak only as of the date of this presentation, and Liberty Interactive expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in Liberty Interactive's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Please refer to the publicly filed documents of Liberty Interactive, including the most recent Form 10-K, for additional information about Liberty Interactive and about the risks and uncertainties related to Liberty Interactive's business which may affect the statements made in this presentation.

On today's call we will discuss certain non-GAAP financial measures including adjusted OIBDA, adjusted OIBDA margin and adjusted net income. The required definitions and reconciliations (Preliminary Note and Schedules 1 - 5) can be found at the end of this presentation. Unless otherwise noted, this presentation compares financial information for the three and twelve months ended December 31, 2014 to the same periods in 2013. Certain prior period amounts have been reclassified for comparability with the current presentation.

Highlights

Attributed to QVC Group

- QVC US grew revenue by 5% and adjusted OIBDA⁽¹⁾ by 8% in the fourth quarter
 - QVC US operating income increased by 8%
 - QVC.com revenue as a percent of total US revenue increased to 48%, a 254 basis point increase
 - QVC US mobile penetration was 42% of QVC.com orders, a 1,023 basis point increase
 - Achieved positive quarterly adjusted OIBDA at QVC Italy for the first time
- Grew QVC US revenue by 4% and Adjusted OIBDA by 6% in 2014
 - QVC US operating income increased 4%
- Returned \$3.26 billion in value to QVC Group shareholders in 2014 through share repurchases and the Liberty Ventures share dividend
- Received a one-time special dividend of \$10/share from HSN, Inc. (“HSN”) on February 19, 2015; pre-tax proceeds to QVC Group, net of amounts passed through on Liberty Interactive’s HSN Exchangeable notes, were \$146 million

Attributed to Liberty Ventures Group

- Closed the sale of Provide Commerce (“Provide”) to FTD Companies, Inc. (“FTD”), on December 31, 2014, in exchange for \$145 million in cash and 10.2 million shares of FTD, representing an approximate 35% ownership interest
- Finished 2014 with \$2.8 billion of attributed cash and liquid investments

1) See reconciling schedules (Preliminary Note and Schedules 1-3) at the end of this presentation.

QVC Group Balance Sheet

	Sept 30, 2014	Dec 31, 2014
<u>Attributed Cash and Public Holdings⁽¹⁾</u>		
HSN ⁽²⁾	\$ 1,228	\$ 1,521
Cash and Liquid Investments ⁽³⁾	749	443
Total Cash and Public Holdings	\$ 1,977	\$ 1,964
<u>Attributed Debt (at face)⁽¹⁾</u>		
Liberty senior notes and debentures ⁽⁴⁾	\$791	\$ 791
Senior exchangeable debentures ⁽⁵⁾	400	400
QVC senior notes ⁽⁴⁾	4,050	4,050
QVC bank credit facility	32	508
Other	157	75
Total Debt	\$5,430	\$ 5,824

1) See Reconciling Schedules (Schedule 5) at the end of this presentation.

2) Represents fair value of QVC Group's investment in HSN. In accordance with GAAP, QVC Group accounts for this investment using the equity method of accounting and includes this investment in its attributed balance sheet at its historical carrying value which aggregated \$322 million and \$328 million at September 30, 2014 and December 31, 2014, respectively.

3) Includes \$16 million and \$21 million of short-term marketable securities with an original maturity greater than 90 days as of September 30, 2014 and December 31, 2014, respectively.

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

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

QVC Q4 Results

- US: ASP decreased 5% and units sold increased 9% compared to Q4-13
- US gross margin increased 86 bps and adjusted OIBDA margin⁽¹⁾ increased 73 bps
- US return rate improved by 40 bps
- eCommerce penetration increased to 48% of US revenue from 45% in Q4-13
- Consolidated operating income increased 4% compared to Q4-13

(Amounts in USD)	Revenue	Adj. OIBDA⁽¹⁾
US	5%	8%
Japan	(14)%	(18)%
Germany	(9)%	(9)%
UK	3%	6%
Italy	(3)%	150%
Consolidated	1%	4%

(In Local Currency)	Revenue	Adj. OIBDA⁽¹⁾
Japan	(2)%	(8)%
Germany	(1)%	(1)%
UK	6%	12%
Italy	8%	149%
China JV ⁽²⁾	27%	(25)%

1) See reconciling schedules (Preliminary Note, Schedule 1 - 3) at the end of this presentation.

2) This joint venture is being accounted for as an equity method investment.

QVC Year End 2014 Results

- US: ASP decreased 1% and units sold increased 5% compared to 2013
- US gross margin increased 48 bps and adjusted OIBDA margin⁽¹⁾ increased 47 bps
- US return rate was roughly flat
- eCommerce penetration increased to 45% of US revenue from 43% in 2013
- Consolidated operating income increased 3% compared to 2013

(Amounts in USD)	Revenue	Adj. OIBDA ⁽¹⁾
US	4%	6%
Japan	(11)%	(17)%
Germany	0%	1%
UK	11%	19%
Italy	9%	71%
Consolidated	2%	4%

(In Local Currency)	Revenue	Adj. OIBDA ⁽¹⁾
Japan	(4)%	(10)%
Germany	0%	1%
UK	6%	16%
Italy	9%	70%
China JV⁽²⁾	24%	(23)%

1) See reconciling schedules (Preliminary Note, Schedule 1 - 3) at the end of this presentation.

2) This joint venture is being accounted for as an equity method investment.

Liberty Ventures Group

(\$ in millions)

	Sept 30, 2014	Dec 31, 2014
<u>Attributed Cash and Public Holdings</u>		
Expedia ⁽¹⁾	\$ 2,022	\$ 1,992
FTD ⁽²⁾	-	\$ 355
Interval Leisure Group and Lending Tree ⁽³⁾	417	482
Other public holdings ⁽⁴⁾	1,135	1,210
Total	\$ 3,574	\$ 4,039
Cash and liquid investments ⁽⁵⁾⁽⁶⁾	1,547	2,762
Total Cash and Public Holdings	\$ 5,121	\$ 6,801
<u>Attributed Debt (at face)</u>		
Senior exchangeable debentures ⁽⁷⁾	2,082	2,081
Other	-	61
Total Debt	\$ 2,082	\$ 2,142

- 1) Represents fair value of Liberty Ventures Group's investment in Expedia. In accordance with GAAP, Liberty Ventures Group accounts for this investment using the equity method of accounting and includes this investment in its attributed balance sheet at its historical carrying value which aggregated \$501 million and \$514 million at September 30, 2014 and December 31, 2014, respectively.
- 2) Represents fair value of Liberty Ventures Group's investment in FTD. In accordance with GAAP, Liberty Ventures Group accounts for this investment using the equity method of accounting and includes this investment in its attributed balance sheet at its historical carrying value which was \$355 million at December 31, 2014.
- 3) Represents fair value of Liberty Ventures Group's investments. In accordance with GAAP, Liberty Ventures Group accounts for these investments using the equity method of accounting and includes these investments in its attributed balance sheet at their historical carrying values which aggregated \$111 million and \$108million at September 30, 2014 and December 31, 2014, respectively.
- 4) Represents Liberty Ventures Group's other public holdings which are accounted for at fair value. Excludes \$23 million and \$10 million of long-term marketable securities as of September 30, 2014 and December 31, 2014, respectively.
- 5) Includes \$651 million and \$868 million of short-term marketable securities with an original maturity greater than 90 days as of September 30, 2014 and December 31, 2014, respectively.
- 6) Includes \$23 million and \$10 million of marketable securities with an original maturity greater than one year as of September 30, 2014 and December 31, 2014, respectively, which are reflected in investments in available-for-sale securities in Liberty Ventures Group's condensed attributed balance sheet.
- 7) Face amount of Senior Exchangeable Debentures with no reduction for the fair market value adjustment.

Liberty Ventures Group: Digital Commerce

Q4 - 2014

	Revenue	Percent Change	Adjusted OIBDA ⁽¹⁾	Percent Change	Operating Income	Percent Change
Provide	\$ 165	0%	\$ 3	160%	\$ (5)	38%
Digital Commerce companies - continuing	306	7%	41	17%	13	286%
Total Digital Commerce	\$ 471	4%	\$ 44	47%	\$ 8	153%

Full Year - 2014

	Revenue	Percent Change	Adjusted OIBDA ⁽¹⁾	Percent Change	Operating Income	Percent Change
Provide	\$ 666	2%	\$ 7	(76)%	\$ (15)	58%
Digital Commerce companies - continuing	1,032	9%	90	22%	7	(30)%
Total Digital Commerce	\$ 1,698	6%	\$ 97	(6)%	\$ (8)	69%

1) See reconciling schedules (Preliminary Note, Schedules 1-3) at the end of this presentation.

Reconciling Schedules

Preliminary Note

This presentation includes references to adjusted OIBDA, which is a non-GAAP financial measure, for each of QVC Group, QVC (and certain of its subsidiaries), and the Digital Commerce businesses. Liberty Interactive defines adjusted OIBDA as revenue less cost of sales, operating expenses and selling, general and administrative expenses (excluding stock and other equity-based compensation) and excludes from that definition depreciation and amortization, restructuring and impairment charges and legal settlements that are included in the measurement of operating income pursuant to GAAP. Further, this presentation includes adjusted OIBDA margin, which is also a non-GAAP financial measure. Liberty Interactive defines adjusted OIBDA margin as adjusted OIBDA divided by revenue.

Liberty Interactive believes adjusted OIBDA is an important indicator of the operational strength and performance of its businesses, including the 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. Because adjusted OIBDA is used as a measure of operating performance, Liberty Interactive views operating income as the most directly comparable GAAP measure. Adjusted OIBDA is not meant to replace or supersede operating income or any other GAAP measure, but rather to supplement such GAAP measures in order to present investors with the same information that Liberty Interactive's management considers in assessing the results of operations and performance of its assets. Please see the attached schedules for a reconciliation of adjusted OIBDA to operating income (loss) calculated in accordance with GAAP for QVC Group (Schedules 1 and 3) and for QVC (and certain of its subsidiaries) and the Digital Commerce companies (Schedules 2-3).

In addition, this presentation includes references to adjusted net income, which is a non-GAAP financial measure, for QVC Group. Liberty Interactive defines adjusted net income as net income, excluding the impact of purchase accounting amortization (net of deferred tax benefit) and net income (loss) generated by the Digital Commerce companies.

Liberty Interactive believes adjusted net income is an important indicator of financial performance, in particular for QVC Group, due to the non-economic impact of purchase accounting amortization and the reattribution of the Digital Commerce companies. Because adjusted net income is used as a measure of overall financial performance, Liberty Interactive views net income as the most directly comparable GAAP measure. Adjusted net income is not meant to replace or supersede net income or any other GAAP measure, but rather to supplement such GAAP measures in order to present investors with a valuable supplemental metric of financial performance. Please see the attached schedules for a reconciliation of adjusted net income to net income (loss) calculated in accordance with GAAP for QVC Group (Schedule 4).

Reconciling Schedules (Schedule 1)

(\$ in millions)

	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
QVC Group⁽¹⁾					
QVC Group Adj. OIBDA (ex Dig. Comm.) ⁽²⁾	\$ 592	\$ 408	\$ 433	\$ 433	\$ 612
Digital Commerce Adjusted OIBDA ⁽²⁾	30	28	27	(2)	NA
Adjusted OIBDA	\$ 622	\$ 436	\$ 460	\$ 431	\$ 612
Depreciation and amortization	(166)	(162)	(165)	(166)	(150)
Stock compensation	(35)	(24)	(24)	(18)	(17)
Impairment of intangible assets	(11)	-	(7)	-	-
Operating Income	\$ 410	\$ 250	\$ 264	\$ 247	\$ 445

	2013	2014
QVC Group⁽¹⁾		
QVC Group Adj. OIBDA (ex Dig. Comm.) ⁽²⁾	\$ 1,821	\$ 1,886
Digital Commerce Adjusted OIBDA ⁽²⁾	103	53
Adjusted OIBDA	\$ 1,924	\$ 1,939
Depreciation and amortization	(629)	(643)
Stock compensation	(110)	(83)
Impairment of intangible assets	(30)	(7)
Operating Income	\$ 1,155	\$ 1,206

1) A reconciliation for the QVC Group of adjusted OIBDA to operating income calculated in accordance with GAAP for the three months ended December 31, 2013, March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014, respectively and the years ended December 31, 2013 and 2014, respectively.

2) QVC Group adjusted OIBDA presented exclusive of the impact of the Digital Commerce companies and reconciled to both QVC Group adjusted OIBDA and GAAP operating income. Under GAAP, the Digital Commerce companies were only included as part of the QVC Group through September 30, 2014.

Reconciling Schedules (Schedule 2)⁽¹⁾

(\$ in millions)

QVC Group	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
QVC Adjusted OIBDA					
QVC US	\$ 437	\$ 301	\$ 325	\$ 329	\$ 474
QVC Japan	55	47	43	41	45
QVC Germany	58	39	40	42	53
QVC UK	47	27	33	31	50
QVC Italy	(2)	(2)	(2)	(1)	1
QVC France	-	-	-	(3)	(3)
QVC International adjusted OIBDA	\$ 158	\$ 111	\$ 114	\$ 110	\$ 146
Consolidated QVC adjusted OIBDA	\$ 595	\$ 412	\$ 439	\$ 439	\$ 620
Depreciation and amortization	(145)	(144)	(145)	(147)	(151)
Stock compensation	(9)	(8)	(10)	(16)	(10)
Operating Income	\$ 441	\$ 260	\$ 284	\$ 276	\$ 459
QVC Operating Income					
QVC US	\$ 323	\$ 186	\$ 203	\$ 203	\$ 349
QVC International	118	74	81	73	110
Total QVC Operating Income	\$ 441	\$ 260	\$ 284	\$ 276	\$ 459
Liberty Ventures Group⁽²⁾					
Digital Commerce Companies					
Adjusted OIBDA	\$ 30	\$ 28	\$ 27	\$ (2)	\$ 44
Depreciation and amortization	(20)	(18)	(20)	(19)	(20)
Stock compensation	(14)	(5)	(7)	7	(16)
Impairment of intangible assets	(11)	-	(7)	-	-
Operating Income (Loss)	\$ (15)	\$ 5	\$ (7)	\$ (14)	\$ 8

1) The information shown above provides a reconciliation of adjusted OIBDA for QVC (and certain of its subsidiaries) and Liberty Ventures' Digital Commerce companies to that entity or such businesses' operating income (loss) calculated in accordance with GAAP for the three months ended December 31, 2013, March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014, respectively. As there are no material reconciling items between adjusted OIBDA and operating income for the QVC China joint venture for the referenced periods, no reconciliation has been provided.

2) For GAAP purposes, the Digital Commerce companies have been recorded as part of Liberty Ventures Group beginning with the fourth quarter of 2014 (due to the reattribution). For presentation purposes in this table, the results of the Digital Commerce companies are included in Liberty Ventures Group for all periods shown.

Reconciling Schedules (Schedule 2 Cont'd)

(\$ in millions)

QVC Group	2013	2014
QVC Adjusted OIBDA		
QVC US	\$ 1,352	\$ 1,429
QVC Japan	212	176
QVC Germany	173	174
QVC UK	118	141
QVC Italy	(14)	(4)
QVC France	-	(6)
QVC International adjusted OIBDA	\$ 489	\$ 481
Consolidated QVC adjusted OIBDA	\$ 1,841	\$ 1,910
Depreciation and amortization	(558)	(587)
Stock compensation	(38)	(44)
Operating Income	\$ 1,245	\$ 1,279
QVC Operating Income		
QVC US	\$ 901	\$ 941
QVC International	344	338
Total QVC Operating Income	\$ 1,245	\$ 1,279
Liberty Ventures Group		
Digital Commerce Companies		
Adjusted OIBDA	\$ 103	\$ 97
Depreciation and amortization	(71)	(77)
Stock compensation	(28)	(21)
Impairment of intangible assets	(30)	(7)
Operating Income (Loss)	\$ (26)	\$ (8)

1) The information shown above provides a reconciliation of adjusted OIBDA for QVC (and certain of its subsidiaries) and Liberty Ventures' Digital Commerce companies to that entity or such businesses' operating income (loss) calculated in accordance with GAAP for the twelve months ended December 31, 2013 and 2014, respectively. As there are no material reconciling items between adjusted OIBDA and operating income for the QVC China joint venture for the referenced periods, no reconciliation has been provided.

2) For GAAP purposes, the Digital Commerce companies have been recorded as part of Liberty Ventures Group beginning with the fourth quarter of 2014 (due to the reattribution). For presentation purposes in this table, the results of the Digital Commerce companies are included in Liberty Ventures Group for all periods shown.

Reconciling Schedules (Schedule 3)⁽¹⁾

(\$ in millions)	4 Q-13	1Q-14	2 Q-14	3 Q-14	4 Q-14
QVC Group Adjusted OIBDA					
Consolidated QVC	\$ 595	\$ 412	\$ 439	\$ 439	\$ 620
Corporate and other	(3)	(4)	(6)	(6)	(8)
QVC Group Adjusted OIBDA ⁽²⁾	\$ 592	\$ 408	\$ 433	\$ 433	\$ 612
Liberty Ventures Group Adjusted OIBDA					
Digital Commerce ⁽²⁾	\$ 30	\$ 28	\$ 27	\$ (2)	\$ 44
Corporate and other	(1)	(2)	(4)	(6)	(6)
Liberty Ventures Group Adjusted OIBDA	\$ 29	\$ 26	\$ 23	\$ (8)	\$ 38
Consolidated Liberty Interactive Corp Adjusted OIBDA	\$ 621	\$ 434	\$ 456	\$ 425	\$ 650
Depreciation and Amortization	(166)	(163)	(164)	(166)	(169)
Stock Compensation	(38)	(25)	(26)	(20)	(37)
Impairment of intangible assets	(11)	-	(7)	-	-
Consolidated Liberty Interactive Corp Operating Income	\$ 406	\$ 246	\$ 259	\$ 239	\$ 444

	2013	2014
QVC Group Adjusted OIBDA		
Consolidated QVC	\$ 1,841	\$ 1,910
Corporate and other	(20)	(24)
QVC Group Adjusted OIBDA ⁽²⁾	\$ 1,821	\$ 1,886
Liberty Ventures Group Adjusted OIBDA		
Digital Commerce ⁽²⁾	\$ 103	\$ 97
Corporate and other	(11)	(18)
Liberty Ventures Group Adjusted OIBDA	\$ 92	\$ 79
Consolidated Liberty Interactive Corp Adjusted OIBDA	\$ 1,913	\$ 1,965
Depreciation and Amortization	(629)	(662)
Stock Compensation	(118)	(108)
Impairment of intangible assets	(30)	(7)
Consolidated Liberty Interactive Corp Operating Income	\$ 1,136	\$ 1,188

1) Reconciliation of adjusted OIBDA for QVC Group and Digital Commerce companies to Liberty Interactive Corp. operating income calculated in accordance with GAAP for the three months ended December 31, 2013, March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014, respectively and the years ended December, 31, 2013 and 2014.

2) For GAAP purposes, the Digital Commerce companies have been recorded as part of Liberty Ventures Group beginning with the fourth quarter of 2014 (due to the reattribution).

For presentation purposes in this table, the results of the Digital Commerce companies are included in Liberty Ventures Group for all periods shown.

Reconciling Schedules (Schedule 4)

(\$ in millions)	4Q-13	1Q-14	2Q-14	3Q-14	4Q-14
QVC Group⁽¹⁾					
Net income	\$ 157	\$ 110	\$ 105	\$ 83	\$ 222
Amortization, net of deferred tax benefit ⁽²⁾	51	51	51	51	51
Digital Commerce net income (loss)	(11)	2	(1)	(16)	-
QVC Group adjusted net income	\$ 219	\$ 159	\$ 157	\$ 150	\$ 273
QVCA/B shares outstanding as of January 31, 2015					474
Adjusted LTM earnings per share					1.56

	2013	2014
QVC Group⁽³⁾		
Net income	\$ 438	\$ 520
Amortization, net of deferred tax benefit ⁽²⁾	203	204
Digital Commerce net income (loss)	(31)	(15)
QVC Group adjusted net income	\$ 672	\$ 739

- 1) A reconciliation for the QVC Group of adjusted net income to net income calculated in accordance with GAAP for the three months ended December 31, 2013, March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014, respectively.
- 2) Add-back relates to non-cash, non-tax deductible purchase accounting amortization from Liberty Interactive's acquisition of QVC, net of book deferred tax benefit (gross non-cash, non-tax deductible purchase accounting amortization was \$322 million and \$323 million for the twelve months ended December 31, 2013 and 2014, respectively, and is applied ratably across the four quarters in each year).
- 3) A reconciliation for the QVC Group of adjusted net income to net income calculated in accordance with GAAP for the years ended December 31, 2013 and 2014, respectively.

Reconciling Schedules (Schedule 5)

(\$ in millions)

	9/30/14	12/31/14
Cash and Liquid Investments Attributable to:		
QVC Group ⁽¹⁾	\$ 749	\$ 443
Liberty Ventures Group ⁽²⁾⁽³⁾	1,547	2,762
Total Liberty Consolidated Cash and Liquid Investments	\$ 2,296	\$ 3,205
Less:		
Short-term marketable securities - QVC Group	\$ 16	\$ 21
Short-term marketable securities - Liberty Ventures Group	651	868
Long-term marketable securities - Liberty Ventures Group	23	10
Total Liberty Consolidated Cash (GAAP)	\$ 1,606	\$ 2,306
Debt:		
Senior Notes & Debentures ⁽⁴⁾	\$ 791	\$ 791
Senior exchangeable debentures ⁽⁵⁾	400	400
QVC Senior Notes ⁽⁴⁾	4,050	4,050
QVC Bank Credit Facility	32	508
Other	157	75
Total Attributed QVC Group Debt	\$ 5,430	\$ 5,824
Unamortized Discount and Fair Market Value Adjustment	5	36
Total Attributed QVC Group Debt (GAAP)	\$ 5,435	\$ 5,860
Senior Exchangeable Debentures ⁽⁵⁾	\$ 2,082	\$ 2,081
Other	-	61
Total Attributed Liberty Ventures Group Debt	\$ 2,082	\$ 2,142
Fair Market Value Adjustment	(22)	49
Total Attributed Liberty Ventures Group Debt (GAAP)	\$ 2,060	\$ 2,191
Total Liberty Interactive Corporation Debt (GAAP)	\$ 7,495	\$ 8,051

- 1) Includes \$16 million and \$21 million of short-term marketable securities with an original maturity greater than 90 days as of September 30, 2014 and December 31, 2014, respectively.
- 2) Includes \$651 million and \$868 million of short-term marketable securities with an original maturity greater than 90 days as of September 30, 2014 and December 31, 2014, respectively.
- 3) Includes \$23 million and \$10 million of marketable securities with an original maturity greater than one year as of September 30, 2014 and December 31, 2014, respectively which are reflected in investments in available-for-sale securities in Liberty Ventures Group's condensed attributed balance sheet.
- 4) Face amount of Senior Notes and Debentures with no reduction for the unamortized discount.
- 5) Face amount of Senior Exchangeable Debentures with no reduction for the fair market value adjustment.