

**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): **March 9, 2018**

LIBERTY INTERACTIVE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-33982
(Commission
File Number)

84-1288730
(I.R.S. Employer
Identification No.)

**12300 Liberty Boulevard
Englewood, Colorado 80112**
(Address of principal executive offices and zip code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On March 9, 2018, Liberty Interactive Corporation, a Delaware corporation ("Liberty Interactive"), Liberty Interactive LLC, a Delaware limited liability company and direct, wholly-owned subsidiary of Liberty Interactive ("LI LLC"), and GCI Liberty, Inc. (formerly known as General Communication, Inc.), an Alaska corporation ("GCI Liberty"), completed the series of transactions contemplated by the Agreement and Plan of Reorganization, dated as of April 4, 2017, by and among Liberty Interactive, LI LLC, and GCI Liberty (as amended by Amendment No. 1 to Reorganization Agreement, dated as of July 19, 2017, and by Amendment No. 2 to Reorganization Agreement, dated as of November 8, 2017, the "Reorganization Agreement").

As previously reported, on March 8, 2018, at 4:21 p.m., New York City time, pursuant to the terms of GCI Liberty's amended and restated articles of incorporation and in accordance with the terms of the Reorganization Agreement, each outstanding share of GCI Liberty's former Class A-1 common stock, no par value, and each outstanding share of GCI Liberty's former Class B-1 common stock, no par value, automatically converted (the "Auto Conversion") into (i) 0.63 shares of GCI Liberty's Class A common stock, no par value ("GLIBA"), and (ii) 0.20 shares of GCI Liberty's Series A Cumulative Redeemable Preferred Stock.

On March 9, 2018, at 8:00 a.m., New York City time (the "Contribution Effective Time"), in accordance with the terms of the Reorganization Agreement, Liberty Interactive and LI LLC contributed their entire equity interests in Liberty Broadband Corporation, Charter Communications, Inc., LendingTree, Inc. and Evite and other assets and liabilities attributed to Liberty Interactive's Ventures Group (following the reattribution by Liberty Interactive of certain assets and liabilities from its Ventures Group to its QVC Group) to GCI Liberty in exchange for, together with certain other consideration, the issuance to LI LLC of 81,706,919 shares of GLIBA, and 4,455,308 shares of GCI Liberty's Class B common stock, no par value ("GLIBB"), representing a controlling interest in GCI Liberty (the "Contribution").

On March 9, 2018, at 4:01 p.m., New York City time (the "Split-Off Effective Time"), Liberty Interactive completed its previously announced split-off (the "Split-Off") of GCI Liberty. The Split-Off was accomplished by the redemption (the "Redemption") by Liberty Interactive of (i) each outstanding share of its Series A Liberty Ventures common stock, \$0.01 par value ("LVNTA"), for one share of GLIBA, with no shares of LVNTA remaining outstanding, and (b) each outstanding share of its Series B Liberty Ventures common stock, \$0.01 par value ("LVNTB"), and together with LVNTA, the "Liberty Ventures Common Stock"), for one share of GLIBB, with no shares of LVNTB remaining outstanding, with the effect that GCI Liberty was split-off from Liberty Interactive, and Liberty Interactive ceased to have an equity interest in GCI Liberty.

On March 9, 2018, in connection with the Split-Off, Liberty Interactive entered into the following agreements (the "Split-Off Agreements"):

- a Tax Sharing Agreement, by and between GCI Liberty and Liberty Interactive, which governs GCI Liberty's and Liberty Interactive's respective rights, responsibilities and obligations with respect to taxes and tax benefits, the filing of tax returns, the control of audits and other tax matters; and
- an Indemnification Agreement, by and among GCI Liberty, Liberty Interactive, LI LLC and LV Bridge, LLC, a Delaware limited liability company and now an indirect, wholly-owned subsidiary of GCI Liberty, which governs, among other things, GCI Liberty's indemnification obligations concerning LI LLC's 1.75% Charter Exchangeable Debentures due 2046 (the "Exchangeable Debentures") and a purchase offer to be conducted by LI LLC for the Exchangeable Debentures on terms and conditions (including maximum offer price) reasonably acceptable to GCI Liberty.

1

The section of Liberty Interactive's definitive proxy statement on Schedule 14A filed with the Securities and Exchange Commission (the "SEC") on December 29, 2017 (the "Proxy Statement") entitled "Certain Relationships and Related Transactions—Relationships Between GCI Liberty and Liberty Interactive and/or Liberty Media Following the Transactions," which describes the material terms of the Split-Off Agreements, is incorporated herein by reference. These descriptions are qualified in their entirety by reference to the full text of the Split-Off Agreements, which are filed as Exhibits 10.1 and 10.2 to this Current Report on Form 8-K.

Item 3.01. Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.

In a session of the Board of Directors of Liberty Interactive (the "Board") on April 2, 2017, and by written consent dated April 4, 2017, the Board considered and authorized the management of Liberty Interactive to pursue the transactions contemplated by the Reorganization Agreement and all such further actions in furtherance thereof, and established a Split-Off Committee of the Board (the "Committee") having the power to, among other things, set the date of the Redemption. On February 22, 2018, in anticipation of the Split-Off, the Committee determined that, subject to the satisfaction or waiver (if applicable or permitted) of the conditions to the Split-Off, the Redemption would occur at 4:01 p.m., New York City time, on March 9, 2018, resulting in the Liberty Ventures Common Stock being delisted from the Nasdaq Global Select Market ("Nasdaq"). As a result, upon the completion of the Split-Off, on March 9, 2018, Liberty Interactive notified Nasdaq and requested that the Liberty Ventures Common Stock, which traded under the symbols "LVNTA" and "LVNTB", be delisted from Nasdaq effective on March 9, 2018 following the Split-Off Effective Time. Liberty Interactive also requested that Nasdaq file a notification of removal from listing and/or registration of the Liberty Ventures Common Stock on Form 25 under Section 12(b) of the Securities and Exchange Act of 1934, as amended, with the SEC.

Item 7.01. Regulation FD Disclosure.

As previously reported, after market close on March 8, 2018, the Board approved the previously announced reattribution of certain assets and liabilities from Liberty Interactive's Ventures Group to its QVC Group, which was effective immediately (the "Reattribution"). In the Reattribution, certain assets and liabilities of the Ventures Group were reattributed to the QVC Group based on closing prices on March 8, 2018, as set forth in the press release attached hereto as Exhibit 99.1.

GCI Liberty drew the full \$1 billion available under a margin loan credit facility consisting of an initial term loan in an aggregate principal amount of \$1 billion (the "Initial Loans") against its 42.7 million Series C shares of Liberty Broadband Corporation. A portion of the proceeds from the Initial Loans were used to make a distribution to Liberty Interactive to be used by Liberty Interactive within one year for the repurchase of QVC Group stock or to pay down certain debt pursuant to the terms of the Reorganization Agreement. The distributed loan proceeds constituted a portion of the cash reattributed to the QVC Group.

2

On March 9, 2018, Liberty Interactive and GCI Liberty issued a joint press release (the "Press Release") announcing the completion of the transactions contemplated by the Reorganization Agreement.

This Item 7.01 and the press release attached hereto as Exhibit 99.1 are being furnished to the SEC under Item 7.01 of Form 8-K in satisfaction of the public disclosure requirements of Regulation FD and shall not be deemed "filed" for any purpose.

Item 9.01. Financial Statements and Exhibits.

- (b) Pro forma financial information. The information required to be filed pursuant to Items 2.01 and 9.01 pursuant to the Article II of Regulation S-X is filed herewith as Exhibit 99.2.
- (d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 10.1 | Tax Sharing Agreement, dated as of March 9, 2018, by and between Liberty Interactive Corporation and GCI Liberty, Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed by GCI Liberty, Inc. with the SEC on March 14, 2018 (File No. 001-38385) (the "8-K")) . |
| 10.2 | Indemnification Agreement, dated as of March 9, 2018, by and among Liberty Interactive Corporation, GCI Liberty, Inc., Liberty Interactive LLC and LV Bridge, LLC (incorporated by reference to Exhibit 10.2 to the 8-K) . |
| 99.1 | Joint Press Release, dated March 9, 2018 . |
| 99.2 | Condensed Pro Forma Consolidated Financial Statements . |

3

SIGNATURE

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

Date: March 15, 2018

LIBERTY INTERACTIVE CORPORATION

By: /s/ Wade Haufschild
 Name: Wade Haufschild
 Title: Vice President

March 9, 2018

Liberty Interactive and GCI Liberty Announce Completion of Transactions

ENGLEWOOD, Colo. & ANCHORAGE, Alaska—(BUSINESS WIRE)—Liberty Interactive Corporation (to be renamed Qurate Retail Group, Inc., but herein referred to as (“LIC”)) (Nasdaq: QVCA / QRTEA, QVCB / QRTEB) and GCI Liberty, Inc. (“GCI Liberty”) (Nasdaq: GLIBA, GLIBP) announced the completion of LIC’s previously announced acquisition of GCI Liberty (formerly General Communication, Inc. or GCI) and series of transactions that effected the split-off of GCI Liberty.

“We are pleased to complete the acquisition of GCI and subsequent split-off of GCI Liberty. GCI has made significant investments over the past 30 years to build a state of the art network for Alaska, and we welcome the team and look forward to its continued success as part of the Liberty family,” said Greg Maffei, GCI Liberty President and CEO. “With GCI Liberty and Qurate now trading as asset-backed stocks, we believe this better highlights the value of their underlying assets.”

“This transaction is a win for our shareholders, customers, and employees. As part of a larger company, GCI will be even better positioned to compete, innovate, and serve Alaskans and our customers nationwide,” said Ron Duncan, CEO of GCI. “I am deeply proud of the contributions that GCI employees have made, and will make, to Alaska’s development as the 49th state. All of us at GCI are grateful for our customers’ support over the years, and we will continue to work hard to retain that support in the years ahead.”

After market close on March 8, 2018, LIC’s board of directors approved the previously announced reattribution of certain assets and liabilities from LIC’s Liberty Ventures Group to its QVC Group, which was effective immediately. In the reattribution, certain assets and liabilities of the Liberty Ventures Group were reattributed to the QVC Group based on closing prices on March 8th (as applicable), as detailed below. As previously announced, LIC intends to rebrand the QVC Group as Qurate Retail Group after closing, with the formal name change to follow.

Assets: (approximate value \$1,912m)

- Cash (\$1,048m)(1)
- ILG (\$475m after-tax)(2)
- FTD (\$122m after-tax)(2)
- Private assets(3) (\$83m)
- Green Energy Investments (\$172m)
- Tax benefits — stock options (\$12m)

Liabilities: (approximate value \$1,912m)

- Exchangeable Debentures
 - 1.75% debentures (defined below) (\$583m)(4)
 - Remaining Exchangeables(5)

1

Earlier today, LIC contributed to GCI Liberty the remaining assets and liabilities attributed to its Liberty Ventures Group following the reattribution in exchange for newly-issued shares of GCI Liberty Class A common stock (“GLIBA”) and Class B common stock (“GLIBB”), representing a controlling interest in GCI Liberty, upon which GCI Liberty became a subsidiary of LIC.

After the contribution, at 4:01 p.m., New York City time, LIC effected a tax-free separation of its controlling interest in GCI Liberty by redeeming each outstanding share of its Series A Liberty Ventures common stock (“LVNTA”) and Series B Liberty Ventures common stock (“LVNTB”) for one share of GLIBA and GLIBB, respectively (the “split-off”).

The reattribution, contribution and split-off follow the previously announced automatic conversion of each outstanding share of GCI Liberty’s former Class A-1 common stock and Class B-1 common stock into 0.63 of a share of GLIBA and 0.2 of a share of its Series A Cumulative Redeemable Preferred Stock (“GLIBP”), which occurred on March 8th. GLIBP shares have a 21-year term, \$25 per share liquidation preference and 1/3 vote per share with no conversion feature. GLIBP shares have a 5% initial dividend rate that increases to 7% upon the reincorporation of GCI Liberty in Delaware, which is expected to be completed as soon as practical after closing.

As a result of the transactions, LIC no longer holds an equity interest in GCI Liberty. Following the split-off, there are approximately 105 million shares of GLIBA, 4.5 million shares of GLIBB, and 7.3 million shares of GLIBP outstanding, and former Liberty Ventures stockholders hold approximately 79% of the common equity of GCI Liberty and an approximate 83% voting interest in GCI Liberty based on shares outstanding as of closing.

After giving effect to the split-off, the assets of GCI Liberty consist of its subsidiaries GCI and Evite and interests in Liberty Broadband, Charter and Lending Tree.

Prior to the split-off, GCI under the terms of its stock appreciation rights agreement with Searchlight ALX, Ltd. (the “Searchlight SAR”) settled its obligations under the agreement for approximately \$80 million, which was funded using additional borrowings under GCI’s credit facility. Simultaneous with closing, GCI Liberty repaid GCI’s \$75 million Searchlight Note using cash at GCI Liberty. Also prior to the split-off, GCI Liberty drew down in full on a \$1 billion margin loan against its 42.7 million Series C shares of Liberty Broadband Corporation (“LBRDK”). A portion of the proceeds drawn on the margin loan were distributed to LIC in connection with the reattribution to be used within one year for the repurchase of QVC Group stock or to pay down debt.

After giving effect to the transactions, the cash balance at GCI Liberty is approximately \$466 million, based on GCI and Liberty Ventures Group cash balances as of December 31, 2017, pro-forma for the \$1 billion LBRDK margin loan draw less cash reattributed to the QVC Group and approximately \$75 million of cash used to repay the Searchlight Note, as discussed above.

As previously announced, LIC’s outstanding 1.75% Charter exchangeable debentures due 2046 (the “1.75% debentures”) were reattributed to the QVC Group at the closing, together with

2

approximately \$583 million of cash equal to the net present value of principal and cash interest payments through the put/call date (October 2023).

Following the split-off, LIC will benefit from an indemnity obligation from GCI Liberty with respect to any payments made by LIC in excess of the adjusted principal amount of the debentures to any holder that exercises its exchange right on or before the put/call date, less any potential tax benefit to LIC from the retirement of such debentures at a premium. GCI Liberty is supporting this obligation with a negative pledge in favor of LIC on 2.2 million Charter shares at GCI Liberty that are referenced by the 1.75%

debentures. In addition, LIC has agreed to use its commercially reasonable efforts to repurchase the outstanding debentures within 6 months following the closing, on terms and conditions reasonably acceptable to GCI Liberty. GCI Liberty will reimburse LIC for the difference between the purchase price of the tendered debentures and the amount of cash delivered in the reattribution with respect to the tendered debentures, less any potential tax benefit to LIC from retiring such debentures at a premium. GCI Liberty's indemnity obligation and the number of shares subject to the negative pledge will be ratably reduced with respect to any debentures repurchased by LIC.

GCI Liberty may (but is not required to) complete an offering of Charter exchangeable debentures, proceeds of which may be used to reimburse LIC with respect to the aforementioned tender offer. The amount needed to fund is estimated at approximately \$283 million based on \$750 million principal outstanding and the bonds trading at \$116 as of March 8, 2018.

As a result of these transactions, LIC has delisted LVNTA and LVNTB, and as a result, LVNTA and LVNTB will no longer trade on the NASDAQ Global Select Market, the QVC Group will cease to function as a tracking stock and will effectively become a regular common stock. Beginning on Monday, March 12, 2018, LIC's Series A and Series B QVC Group common stock will no longer trade under the symbols "QVCA" and "QVCB," respectively, and will begin trading under the symbols "QRTEA" and "QRTEB," respectively, in connection with the rebranding. GCI Liberty's Class A common stock and preferred stock are expected to commence trading in the regular way under the symbols "GLIBA" and "GLIBP," respectively, on Monday, March 12th. GCI Liberty intends to cause its Class B common stock to be quoted on the OTC Markets as soon as practicable following the closing date. However, LIC and GCI Liberty can give no assurances as to the timing of the quotation or the symbol under which GCI Liberty's Class B common stock will be quoted.

Following the split-off, the assets of LIC (which will become Qurate Retail Group) consist of its subsidiaries QVC, HSN, zulily, the Cornerstone Brands, certain green energy investments, interests in ILG and FTD and other private assets⁽³⁾. Pro-forma for the reattribution, the cash balance at LIC is approximately \$1.4 billion based on QVC Group's cash balance as of December 31, 2017.

On March 8, 2018, LIC's board of directors authorized the additional repurchase of approximately \$700 million of LIC common stock. The total repurchase authorization for LIC as of January 31, 2018, pro-forma for this new authorization, is approximately \$1.3 billion. Additionally, the GCI Liberty board of directors authorized the repurchase of \$650 million of GCI Liberty common stock, which replaces any previous authorization in place at GCI.

3

Forward-Looking Statements

This press release includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements concerning the QVC Group following the split-off and the trading, listing and quotation of the GCI Liberty capital stock, the rebranding of LIC and the QVC Group and related legal change in name, the timing of the proposed reincorporation of GCI Liberty from Alaska to Delaware and repurchases of the 1.75% debentures by LIC. 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, the listing and quotation of GCI Liberty capital stock, the completion of conditions to the reincorporation, market conditions. These forward-looking statements speak only as of the date of this press release, and each of LIC and GCI Liberty expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in LIC's or GCI Liberty'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 LIC and GCI Liberty, including their most recent Forms 10-K, for additional information about LIC and GCI Liberty and about the risks and uncertainties related to LIC's and GCI Liberty's respective businesses which may affect the statements made in this press release.

About Liberty Interactive Corporation (to be renamed Qurate Retail Group)

Qurate Retail Group operates and owns interests in a broad range of digital commerce businesses. Qurate Retail Group's businesses and assets consist of, among other things, its subsidiaries QVC, Inc., HSN, Inc., and zulily, llc and its interests in ILG and FTD.

About GCI Liberty, Inc.

GCI Liberty, Inc. (Nasdaq: GLIBA, GLIBP) operates and owns interests in a broad range of communications businesses. GCI Liberty's principal assets consist of its subsidiary GCI and interests in Charter Communications and Liberty Broadband Corporation. GCI is the largest communications provider in Alaska, providing data, wireless, video, voice and managed services to consumer and business customers throughout Alaska and nationwide. GCI has delivered services for nearly 40 years to some of the most remote communities and in some of the most challenging conditions in North America. GCI Liberty's other businesses and assets consist of its subsidiary Evite and its interest in Lending Tree.

Liberty Interactive Corporation and GCI Liberty, Inc.

Courtnee Chun, 720-875-5420

Source: Liberty Interactive Corporation

(1) Total reattributed cash of \$1,048m includes \$583m to be used towards tender offer for 1.75% debentures reattributed from Liberty Ventures Group.

4

(2) Represents fair value of investments in ILG and FTD net of tax.

(3) Includes estimated fair value of Sound Ventures, Quid, Brit+Co and Liberty Israel Venture Fund II.

(4) Represents NPV of principal and cash interest payments through put/call date (10/2023) as of 3/8/2018.

(5) Includes Liberty Interactive's 4.00%, 3.75%, 3.50% and 0.75% exchangeable debentures; based on third party valuation.

5

Liberty Interactive Corporation
Condensed Pro Forma Consolidated Financial Statements

(unaudited)

On March 9, 2018, Liberty Interactive Corporation (“Liberty” or the “Company”) completed the Agreement and Plan of Reorganization (as amended, the reorganization agreement and the transactions contemplated thereby) with General Communication, Inc. (“GCI”), an Alaska corporation, and Liberty Interactive LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Liberty Interactive (“LI LLC”). Pursuant to the reorganization agreement, GCI effected a restatement of its articles of incorporation (which resulted in GCI being renamed GCI Liberty, Inc. (“GCI Liberty”)) and a reclassification and auto conversion of its common stock. Following these events, Liberty Interactive acquired GCI (renamed “GCI Liberty”) through a reorganization in which certain Liberty Interactive interests, assets and liabilities, were contributed to GCI in exchange for a controlling interest in GCI. Liberty Interactive and LI LLC contributed to GCI Liberty its entire equity interest in Liberty Broadband Corporation, Charter Communications, Inc., and LendingTree, Inc., the Evite, Inc. operating business and certain other assets and liabilities (collectively, “HoldCo”), in exchange for (a) the issuance to LI LLC of (i) a number of shares of GCI Liberty Class A Common Stock and a number of shares of GCI Liberty Class B Common Stock equal to the number of outstanding shares of Series A Liberty Ventures common stock and Series B Liberty Ventures common stock outstanding on March 9, 2018, respectively, and (ii) cash and (b) the assumption of certain liabilities by GCI Liberty.

Following the contribution and acquisition of GCI Liberty, Liberty Interactive effected a tax-free separation of its controlling interest in the combined company, GCI Liberty, to the holders of Liberty Ventures common stock in full redemption of all outstanding shares of such stock (the “HoldCo Split-Off”), in which each outstanding share of Series A Liberty Ventures common stock was redeemed for one share of GCI Liberty Class A common stock and each outstanding share of Series B Liberty Ventures common stock was redeemed for one share of GCI Liberty Class B common stock.

The following unaudited condensed pro forma consolidated financial statements have been prepared giving effect to the HoldCo Split-Off as if it occurred as of December 31, 2017 for the condensed pro forma consolidated balance sheets and January 1, 2017 for the condensed pro forma consolidated statements of operation. The unaudited condensed pro forma consolidated financial statements do not purport to represent what Liberty’s financial position actually would have been had the HoldCo Split-Off occurred on the dates indicated or to project Liberty’s operating results for any future period. The unaudited condensed pro forma consolidated financial statements should be read in conjunction with the publicly available information of Liberty, including the Form 10-K, as filed on March 1, 2018 with the Securities and Exchange Commission (the “SEC”).

Liberty Interactive Corporation
Condensed Pro Forma Consolidated Balance Sheet
December 31, 2017
(unaudited)

| | Liberty Interactive Historical (1) | Less: HoldCo Historical (2) | Liberty Interactive Pro Forma |
|---|--|-----------------------------------|-------------------------------------|
| | amounts in millions | | |
| <i>Assets</i> | | | |
| <i>Current assets:</i> | | | |
| Cash and cash equivalents | \$ 903 | 573 | 330 |
| Trade and other receivables, net | 1,726 | 7 | 1,719 |
| Inventory, net | 1,411 | — | 1,411 |
| Other current assets | 125 | 1 | 124 |
| Total current assets | <u>4,165</u> | <u>581</u> | <u>3,584</u> |
| Investments in available-for-sale securities and other cost investments | 2,363 | 1,803 | 560 |
| Investments in affiliates, accounted for using the equity method | 309 | 115 | 194 |
| Investment in Liberty Broadband measured at fair value | 3,635 | 3,635 | — |
| Property and equipment, net | 1,341 | — | 1,341 |
| Goodwill | 7,082 | 26 | 7,056 |
| Trademarks | 3,929 | 4 | 3,925 |
| Intangible assets subject to amortization, net | 1,248 | 4 | 1,244 |
| Other assets, at cost, net of accumulated amortization | 50 | 4 | 46 |
| Total assets | <u>\$ 24,122</u> | <u>6,172</u> | <u>17,950</u> |
| <i>Liabilities and Equity</i> | | | |
| <i>Current liabilities:</i> | | | |
| Accounts payable | \$ 1,151 | — | 1,151 |
| Accrued liabilities | 1,125 | 8 | 1,117 |
| Current portion of debt | 996 | — | 996 |
| Other current liabilities | 169 | 3 | 166 |
| Total current liabilities | <u>3,441</u> | <u>11</u> | <u>3,430</u> |
| Long-term debt | 7,553 | — | 7,553 |
| Deferred income tax liabilities | 2,803 | 639 | 2,164 |
| Other liabilities | 242 | 96 | 146 |
| Total liabilities | <u>14,039</u> | <u>746</u> | <u>13,293</u> |
| <i>Equity</i> | | | |
| <i>Combined equity:</i> | | | |
| Series A QVC Group common stock | 5 | — | 5 |
| Series B QVC Group common stock | — | — | — |
| Series A Liberty Ventures common stock | 1 | 1 | — |
| Series B Liberty Ventures Group common stock | — | — | — |
| APIC | 1,043 | 1,043 | — |
| AOI, net of tax | (133) | — | (133) |
| Retained earnings (accumulated deficit) | 9,068 | 4,379 | 4,689 |
| Total combined equity | <u>9,984</u> | <u>5,423</u> | <u>4,561</u> |
| Noncontrolling interests in equity of combined company | 99 | 3 | 96 |
| Total equity | <u>10,083</u> | <u>5,426</u> | <u>4,657</u> |

| | | | |
|------------------------------|-----------|-------|--------|
| Total liabilities and equity | \$ 24,122 | 6,172 | 17,950 |
|------------------------------|-----------|-------|--------|

Liberty Interactive Corporation
Condensed Pro Forma Consolidated Statements of Operations
December 31, 2017
(unaudited)

| | Liberty Interactive Historical (1) | Less: HoldCo Historical (2) | Liberty Interactive Pro Forma |
|---|---|-----------------------------------|-------------------------------------|
| | amounts in millions, except per share amounts | | |
| Total revenue, net | \$ 10,404 | 24 | 10,380 |
| Operating costs and expenses: | | | |
| Cost of retail sales (exclusive of depreciation shown separately below) | 6,789 | — | 6,789 |
| Operating expense | 659 | 11 | 648 |
| Selling, general and administrative, including stock-based compensation | 1,153 | 65 | 1,088 |
| Acquisition and restructuring charges | 35 | — | 35 |
| Depreciation and amortization | 725 | 3 | 722 |
| | <u>9,361</u> | <u>79</u> | <u>9,282</u> |
| Operating income | 1,043 | (55) | 1,098 |
| Other income (expense): | | | |
| Interest expense | (355) | — | (355) |
| Share of earnings (losses) of affiliates, net | (200) | 7 | (207) |
| Realized and unrealized gains (losses) on financial instruments, net | 618 | 637 | (19) |
| Gains (losses) on transactions, net | 410 | — | 410 |
| Other, net | 7 | 2 | 5 |
| | <u>480</u> | <u>646</u> | <u>(166)</u> |
| Earnings (loss) from continuing operations before income taxes | 1,523 | 591 | 932 |
| Income tax (expense) benefit | 964 | 136 | 828 |
| Net earnings (loss) | 2,487 | 727 | 1,760 |
| Less net earnings (loss) attributable to the noncontrolling interests | 46 | — | 46 |
| Net earnings (loss) attributable to Liberty Interactive Corporation shareholders | \$ 2,441 | 727 | 1,714 |
| Net earnings (loss) attributable to Liberty Interactive Corporation shareholders: | | | |
| QVC Group common stock | 1,208 | (506) | 1,714 |
| Liberty Ventures common stock | 1,233 | 1,233 | — |
| | <u>\$ 2,441</u> | <u>727</u> | <u>1,714</u> |
| Pro Forma basic net earnings (loss) attributable to Liberty stockholders per common share | | | |
| Series A and Series B QVC Group | 2.71 | | 3.85 |
| Series A and Series B Liberty Ventures | 14.34 | | NA |
| Pro Forma diluted net earnings (loss) attributable to Liberty stockholders per common share | | | |
| Series A and Series B QVC Group | 2.70 | | 3.83 |
| Series A and Series B Liberty Ventures | 14.17 | | NA |
| QVC Group Common Stock | | | |
| Basic | 445 | | 445 |
| Diluted | 448 | | 448 |
| Liberty Ventures Common Stock | | | |
| Basic | 86 | | NA |
| Diluted | 87 | | NA |

(1) Represents the historical financial position and results of operations of Liberty. Such amounts were derived from the historical consolidated financial statements of Liberty Interactive Corporation as filed on Form 10-K on March 1, 2018 with the SEC.

(2) Represents the historical financial position and results of operations of HoldCo. Such amounts were derived from the unaudited historical combined financial statements of HoldCo.