



- changes in distribution and viewing of television programming, including the expanded deployment of personal video recorders, video on demand and IP television and their impact on home shopping programming;
- rapid technological changes;
- failure to protect the security of personal information about our customers, subjecting us to potentially costly government enforcement actions or private litigation and reputational damage;
- the regulatory and competitive environment of the industries in which we operate;
- threatened terrorist attacks, political unrest in international markets and ongoing military action around the world; and
- fluctuations in foreign currency exchange rates.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Annual Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. When considering such forward-looking statements, you should keep in mind the factors described in Item 1A, "Risk Factors" and other cautionary statements contained in this Annual Report. Such risk factors and statements describe circumstances which could cause actual results to differ materially from those contained in any forward-looking statement.

This Annual Report includes information concerning public companies in which we have controlling and non-controlling interests that file reports and other information with the SEC in accordance with the Securities Exchange Act of 1934, as amended. Information in this Annual Report concerning those companies has been derived from the reports and other information filed by them with the SEC. If you would like further information about these companies, the reports and other information they file with the SEC can be accessed on the Internet website maintained by the SEC at www.sec.gov. Those reports and other information are not incorporated by reference in this Annual Report.

(b) *Financial Information About Operating Segments*

Through our ownership of interests in subsidiaries and other companies, we are primarily engaged in the video and on-line commerce industries. Each of these businesses is separately managed.

We identify our reportable segments as (A) those consolidated subsidiaries that represent 10% or more of our annual consolidated revenue, Adjusted OIBDA (defined in Part II, Item 7 of this report) or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of our annual pre-tax earnings. Financial information related to our operating segments can be found in note 18 to our consolidated financial statements found in Part II of this report.

(c) *Narrative Description of Business*

The following table identifies our more significant subsidiaries and minority investments:

Consolidated Subsidiaries

QVC, Inc.
Backcountry.com, Inc.
Bodybuilding.com, LLC
CommerceHub
Evite, Inc.

Equity Method Investments

Expedia, Inc. (Nasdaq:EXPE)
HSN, Inc. (Nasdaq:HSNI)
FTD Companies, Inc. (Nasdaq:FTD)
Interval Leisure Group, Inc. (Nasdaq:IILG)
LendingTree, Inc. (Nasdaq:TREE)

QVC, Inc.

QVC, Inc. ("QVC"), a wholly-owned subsidiary, markets and sells a wide variety of consumer products prd

and mobile applications. QVC's international businesses each employ product sourcing teams who select products tailored to the interests of each local market. For the year ended December 31, 2014, QVC's international operations generated \$2.7 billion of consolidated net revenue and \$481 million of Adjusted OIBDA (defined in Part II, Item 7 of this report), and QVC's international websites generated \$793 million, or 28.9%, of its total international net revenue.

On July 4, 2012, QVC entered into a joint venture with Beijingbased CNR Media Group, formerly known as China Broadcasting Corporation, a limited liability company owned by China National Radio ("CNR"), China's government-owned radio division. The joint venture, CNR Home Shopping Co., Ltd. ("CNRS"), is owned 49% by QVC and 51% by CNR through subsidiaries of each company. CNRS operates a retailing business in China through a shopping television channel with an associated website. This joint venture is combining CNRS's existing knowledge of the digital shopping market and consumers in China with QVC's global experience and know-how in multimedia retailing.

On April 16, yd \$79



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We own approximately 29% of the outstanding common stock of Interval Leisure Group. We have entered into an agreement with Interval Leisure Group pursuant to which, among other things, we have the right to nominate 20% of the members of Interval Leisure Group's board of directors. We have nominated two of the current nine board members.

LendingTree, Inc.

LendingTree was also spun off by IAC in August 2008. LendingTree is the owner of several brands and businesses that provide information, tools, advice, products and services for critical transactions in their customers' lives. LendingTree's family of brands includes: LendingTree®, GetSmart®, DegreeTree®, LendingTreeAutos, DoneRight®, ServiceTree® and InsuranceTree®. Together, these brands serve as an ally for consumers who are looking to comparison shop for loans, home services, education, auto and other financial products from multiple business and professionals who compete for their business. LendingTree is headq serSma

On December 19, 2014, the FCC released a notice of proposed rulemaking seeking comment on a proposal to revise the definition of MVPD in its rules to include services, such as Internet-based services, that make available for purchase by viewers, multiple linear streams of video programming, regardless of the technology used to distribute the programming. If the FCC were to



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concerns. If consumers were to decrease their use of our Internet businesses' websites to purchase products and services, such businesses could be harmed. Congress and individual states may consider additional online privacy legimdi



Item 1A. Risk Factors

The risks described below and elsewhere in this annual report are not the only ones that relate to our businesses or our capitalization. The risks described below are considered to be the most material. However, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on our businesses. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. If any of the events described below were to occur, our businesses, prospects, financial condition, results of operations and/or cash flows could be materially adversely affected.

Risk Factors Related to our Company, the QVC Group and the Ventures Group

The risks described below apply to our company and to the businesses and assets attributable to the QVC Group (which we previously referred to as the Interactive Group) and the Ventures Group.

~~The risks described below are not intended to be a complete list of all the risks that may affect our company, the QVC Group, and the Ventures Group included in this Form 10-K, may not necessarily reflect their results had they~~

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In addition, certain of our businesses are subject to consent decrees issued by the Federal Trade Commission ("FTC") barring them from making deceptive claims for specified weight-loss products and dietary supplements.



Spin-Off as part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, a 50-percent or greater interest (measured by either vote or value) in the stock of TripAdvisor Holdings or any successor corporation. As the taxpaying entity, however, we are subject to the risk of non-payment by TripAdvisor Holdings of its indemnification obligations under the tax sharing agreement.

To preserve the tax-free treatment of the TripAdvisor Holdings Spin-Off, we may determine to forego certain transactions that might have otherwise been advantageous to our company, including certain asset dispositions or other strategic transactions for some period of time following the TripAdvisor Holdings Spin-Off. In addition, our potential tax liabilities related to the TripAdvisor Holdings Spin-Off might discourage, delay or prevent a change of control transaction for some period of time following the TripAdvisor Holdings Spin-Off.

Rapid technological advancement

requirements in QVC's and HSN's international operations. In most cases, each of QVC and HSN has entered into long-term satellite transponder leases to provide for continued carriage of its programming on replacement transponders and/or replacement satellites, as applicable, in the event of a failure of either the transponders and/or satellites currently carrying its programming. However, QVC does have transponder service agreements in the United Kingdom and Germany that will expire in 2015. Although QVC believes that it takes reasonable and customary measures to ensure continued satellite transmission capability and believes that these international transponder service agreements can be renewed (or replaced, if necessary) in the ordinary course of business, termination or interruption of satellite transmissions may occur, particularly if QVC is not able to successfully negotiate renewals or replacements of any of its expiring transponder service agreements in the future. Although QVC considers the transponder service agreements that are expiring in 2015 to be in the ordinary course, the failure to successfully renew or negotiate new transmission agreements that results in an inability to transmit its programming would result in lost revenue and could result in lost customers, which could adversely affect our financial condition and results of operation.

System interruption and the lack of integration and redundancy in the systems and infrastructures of our subsidiary QVC, our business affiliate HSN and our other online commerce businesses may adversely affect their ability to, as applicable, operate their businesses, transmit their television programs, operate websites, process and fulfill transactions, respond to customer inquiries and generally maintain cost-efficient operations. The success of our subsidiaries and business affiliates depends, in part, on their ability to maintain the integrity of their transmissions, systems and infrastructures, including the transmission of television programs (in the case of QVC and HSN), as well as their websites, information and related systems, call centers and fulfillment facilities. These subsidiaries and business affiliates may experience occasional system interruptions that make some or all transmissions, systems or data unavailable or prevent them from transmitting their signals or efficiently providing services or fulfilling orders, as the case may be. QVC is in the process of implementing new technology systems and upgrading others. The failure to properly implement new systems or delays in implementing new systems could impair the ability of our subsidiaries and business affiliates to provide services and content, fulfill orders and/or process transactions. QVC and HSN also rely on affiliate and third-party computer systems, broadband, transmission and other communications systems and service providers in connection with the transmission of their respective signals, as well as to facilitate, process and fulfill transactions. Any interruptions, outages or delays in their signal transmissions, systems and infrastructures, or any deterioration in the performance of these transmissions, systems and infrastructures, could impair their ability to provide services, fulfill orders and/or process transactions. Fire, flood, power loss, telecommunications failure, hurricanes, tornadoes, earthquakes, acts of war or terrorism, acts of God and similar events or disruptions may damage or interrupt television transmissions, computer, broadband or other communications systems and infrastructures at any time. Any of these events could cause transmission or system interruption, delays and loss of critical data, and could prevent our subsidiaries and business affiliates from providing services, fulfilling orders and/or processing transactions. While our subsidiaries and business affiliates have backup systems for certain aspects of their operations, these systems are not fully redundant and disaster recovery planning is not sufficient for all possible risks. In addition, some of our subsidiaries and business affiliates may not have adequate insurance coverage to compensate for losses from a major interruption.

The processing, storage, use and disclosure of personal data by our home television and online commerce businesses could give rise to liabilities as a result of governmental regulation, conflicting legal requirements or differing views of personal privacy rights. In the processing of consumer transactions, home television and online commerce businesses receive, transmit and store a large volume of personally identifiable information and other user data. The sharing, use, disclosure and protection of this information is governed by the privacy and data security policies maintained by these businesses. Moreover, there are federal, state and international laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and user data. Specifically, personally identifiable



by customs agencies can also cause the costs of imported goods to increase, negatively affecting profits. These businesses are also impacted by increases in shipping rates charged by third party carriers, which over the past few years have increased significantly in comparison to historical levels, and it is currently expected that shipping and postal rates will continue to increase. In the case of deliveries to customers, in each market where we operate, we have negotiated agreements with one or more independent, third party shipping companies, which in certain circumstances provide for favorable shipping rates. If any of these relationships were to terminate or if a shipping company was unable to fulfill its obligations in a timely manner, we may be required to pay higher shipping rates.

The success of our home television and online commerce businesses depends in large part on their ability to recruit and retain key personnel capable of executing their unique business models. QVC and HSN, as well as our e-commerce subsidiaries have business models that require them to recruit and retain key

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which will depend on the availability of cash or other sources of liquidity to Liberty LLC at that time. Additionally,(



shares of common stock of the other group. In addition, any dividends or distributions on, or repurchases of, shares relating to (itb



stock in a fair manner. As the different ways the board of directors may divide the consideration between holders of stock relating to the different groups, and among holders of different series of a particular stock, might have materially different results, the consideration to be received by holders of QVC Group tracking stock and Ventures Group tracking stock in any such merger or consolidation may be materially less valuable than the consideration they would have received if they had a separate class vote on such merger or consolidation.

We may dispose of assets of the QVC Group or the Ventures Group without your approval. Delaware law requires stockholder approval only for a sale or other disposition of all or substantially all of the assets of our company taken as a whole, and our restated charter does not require a separate class vote in the case of a sale of a significant amount of assets of any of our groups. As long as the assets attributed to the QVC Group or the Ventures Group proposed to be disposed of represent less than substantially all of our assets, we may approve sales and other dispositions of any amount of the assets of such group without any stockholder approval.

If we dispose of all or substantially all of the assets attributed to any group (which means, for this purpose, assets representing 80% of the fair market value of the total assets of the disposing group, as determined by our board of directors), we would be required, if the disposition is not an exempt disposition under the terms of our restated charter, to choose one or more of the following three alternatives:

- declare and pay a dividend on the disposing group's common stock;
- redeem shares of the disposing group's common stock in exchange for cash, securities or other property; and/or
- convert all or a portion of the disposing group's outstanding common stock into common stock of the other group.

In this type of a transaction, holders of the disposing group's common stock may receive stock;

Group tracking stock and the QVC Group tracking stock will be entitled to receive, in respect of their shares of such stock, their proportionate interest in all of Liberty's assets, if any, remaining for distribution to holders of common stock in proportion to their respective number of "liquidation units" per share. Relative liquidation units were determined based on the volume weighted average prices of the Ventures Group tracking stock and the QVC Group tracking stock over the 20 trading day period which commenced shortly after the initial filing of the restated charter. Hence, the assets to be distributed to a holder of either tracking stock upon a liquidation, dissolution or winding up of Liberty will have nothing to do with the value of the assets attributed to the related tracking stock group or to changes in the relative value of the QVC Group tracking stock and the Ventures Group tracking stock over time.

Our board of directors may in its sole discretion elect to convert the common stock relating to one group into common stock relating to the other group, thereby changing the nature of your investment and possibly diluting your economic interest in our company, which could result in a loss in value to you. Our restated charter permits our board of directors, in its sole discretion, to convert all of the f direct sol sp)cs settlis

shares, relating to different groups could present complexities and in certain circumstances pose obstacles, financial and otherwise, to an acquiring person that are not present in companies that do not have capital structures similar to ours.

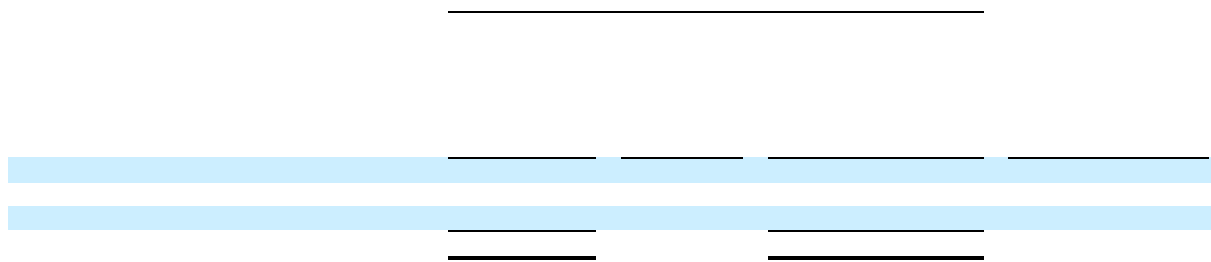
Certain provisions of our restated charter and bylaws may discourage, delay or prevent a change in control of our company that a stockholder may consider favorable. These provisions include:

- authorizing a capital structure with multiple series of common stock, a Series B common stock of each group that entitles the holders to ten votes per share, a Series A common stock of each group that entitles the holder to one vote per share, and a Series C common stock of each group that except as otherwise required by applicable law, entitles the holder to no voting rights;
- classifying our board of directors with staggered three-year terms, which may lengthen the time required to gain control of our board of directors;
- limiting who may call special meetings of stockholders;
- prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of the stockholders;
- establishing advance notice requirements for nominations of candidates for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings;
- requiring stockholder approval by holders of at least 66 2/3% of our aggregate voting power or the approval by at least 75% of our board of directors with respect to certain extraordinary matters, such as a merger or consolidation of our company, a sale of all or substantially all of our assets or an amendment to our restated charter; and
- the existence of authorized and unissued stock, including "blank check" preferred stock, which could be issued by our board of directors to persons friendly to our then current management, thereby protecting the continuity of our management, or which could be used to dilute the stock ownership of persons seeking to obtain control of our company.

Our chairman, John C. Malone, beneficially owns shares representing the power to direct approximately 37% of the aggregate voting power in our company, due to his beneficial ownership of approximately 94% and 94% of the outstanding shares of each of our Serc

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Italy. To supplement the facilities QVC owns, it also leases various facilities worldwide. In 2013, QVC-Japan transitioned to its new headquarters in Japan that includes television studios, broadcast facilities, administrative offices and a call center. QVC-Germany owns its headquarters in Germany that includes television studios, broadcast facilities and administrative offices. In 2012, QVC-U.K. transitioned to its new leased headquarters in the U.K. that includes television studios, broadcast facilities and administrative offices. In 2014, QVC-Italy tT



Item 6. Selected Financial Data .

The following tables present selected historical information relating to our financial condition and results of operations for the past five years. The following data should be read in conjunction with our consolidated financial statements.

	December 31,				
	2014	2013	2012	2011	2010
	amounts in millions				
<i>Summary Balance Sheet Data:</i>					
Cash and cash equivalents	\$ 2,306	902	2,291	846	1,351
Investments in available-for-sale securities and other cost investments	\$ 1,224	1,313	1,720	1,168	1,110
Investment in affiliates	\$ 1,633	1,237	851	951	949
Intangibles not subject to amortization	\$ 7,893	8,383	8,424	8,450	8,450
Assets of discontinued operations (1) (2)	\$ —	7,095	7,428	349	89
Total assets (2)	\$ 18,641	24,676	26,255	17,339	26,600
Long-term debt	\$ 7,105	6,106	5,905	4,848	5,970
Deferred income tax liabilities, noncurrent	\$ 1,849	2,001	2,023	2,046	2,706
Liabilities of discontinued operations (1) (2)	\$ —	1,452	1,748	19	3,877
Equity (2)	\$ 5,780	11,435	12,051	6,627	11,442
Noncontrolling interest (1)	\$ 107	4,499	4,489	134	129

	Years ended December 31,				
	2014	2013	2012	2011	2010
	amounts in millions, except per share amounts				
<i>Summary Statement of Operations Data:</i>					
Revenue	\$ 10,499	10,219	9,888	9,461	8,775
Operating income (loss)	\$ 1,188	1,136	1,163	1,133	1,096
Interest expense	\$ (387)	(380)	(466)	(426)	(626)
Share of earnings (losses) of affiliates	\$ 39	33	47	139	112
Realized and unrealized gains (losses) on financial instruments, net	\$ (57)	(22)	(351)	84	62
Gains (losses) on transactions, net	\$ 74	(1)	443	—	355
Earnings (loss) from continuing operations (3):					
Liberty Capital common stock	NA	NA	NA	10	28
Liberty Interactive Corporation common stock	NA	NA	139	1	

August 27, 2014, we completed the TripAdvisor Holdings Spin-Off. TripAdvisor Holdings is comprised of Liberty's former interest in TripAdvisor as well as BuySeasons, Inc., Liberty's former wholly-owned subsidiary, and corporate level debt. Following the completion of the TripAdvisor Holdings Spin-Off, Liberty and TripAdvisor Holdings operate as separate, publicly traded companies, and neither has any stock ownership, beneficial or otherwise, in the other. The consolidated financial statements of Liberty have been prepared to reflect TripAdvisor Holdings as discontinued operations. However, noncontrolling interest attributable to our former ownership interest in TripAdvisor is included in the noncontrol





television and direct-to-home satellite system operators to continue carrying QVC's programming service; (ii) QVC's ability to maintain favorable channel positioning, which may become more difficult due to governmental action or from distributors converting analog customers to digital; (iii) changes in television viewing habits because of personal video recorders, video-on-demand and internet video services; and (iv) general economic conditions.

The prolonged economic uncertainty in various regions of the world in which our subsidiaries and affiliates operate could adversely affect demand for QVC's products and services since a substantial portion of QVC's revenue is derived from discretionary spending by individuals, which typically falls during times of economic instability. Global financial markets continue to experience disruptions, including increased volatility and diminished liquidity and credit availability. If economic and financial market conditions in the U.S. or other key markets, including Europe and Japan, remain uncertain, persist, or deteriorate further, QVC's customers may respond by suspending, delaying, or reducing their discretionary spending. A suspension, delay or reduction in discretionary spending could adversely affect revenue. Accordingly, QVC's ability

Net earnings. We had net earnings of \$626 million, \$580 million and \$1,591 million for the years ended December 31, 2014, 2013 and 2012, respectively. The change in net earnings was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Liquidity and Capital Resources

As of December 31, 2014 substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, other government securities or government guaranteed funds, AAA rated money market funds and other highly rated financial and corporate debt instruments.

The following are potential sources of liquidity: available cash balances, cash generated by the operating activities of our wholly-owned subsidiaries (to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted), net proceeds from asset sales, monetization of our public investment portfolio, outstanding debt facilities, debt and equity issuances, and dividend and interest receipts.

During the year, there were no changes to our corporate debt credit ratings or our consolidated subsidiaries' debt credit ratings. Liberty and QVC are in compliance with their debt covenants as of December 31, 2014.

As of December 31, 2014, Liberty's liquidity position consisted of the following:

	Cash and cash equivalents	Marketable securities	Available-for- sale securities
	amounts in millions		
QVC	\$ 347	—	—
Corporate and other	75	21	4
Total QVC Group	422	21	4
Digital Commerce	38	—	—
Corporate and other	1,846	868	1,220
Total Ventures Group	1,884	868	1,220
Consolidated Liberty	\$ 2,306	889	1,224

To the extent that the Company recognizes any taxable gains from the sale of assets, we may incur tax expense and be required to make tax payments, thereby reducing any cash proceeds. Additional information is provided in Note 1



our long-lived assets may differ from our estimate of fair value. As each of our oper

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including cash flow multiples, discounted cash flow, per subscriber values, or values of comparable public or private businesses. Impairments are calculated as the difference between our carrying value and our estimate of fair value. As our assessment of the fair value of our g per sub



categories. QVC-Japan's shipped sales in local currency declined in all categories except electronics and beauty. The declines in QVC-Japan's shipped sales in local currency were primarily due to a local consumption tax increase that became effective April 1, 2014. QVC-U.K.'s shipped sales growth in local currency increased primarily in the beauty, home and jewelry categories. QVC-Italy's shipped sales growth in local currency increased primarily in the beauty, accessories and apparel categories.

In 2013, QVC-U.S. net revenue growth was primarily due to a 4.6% increase in ASP as a result of higher rates in the beauty and accessories categories as well as a greater mix of accessories. QVC-U.S. experienced shipped sales growth in all categories except jewelry. QVC-Germany's shipped sales in local currency increased primarily in the apparel and accessories categories, but this growth was more than offset by declines in jewelry and electronics and an increase in estimated product returns. QVC-Japan's shipped sales in local currency improved primarily in the apparel, home and electronics categories, offset by declines in accessories and jewelry and an increase in estimated product returns. QVC-U.K.'s shipped sales growth in local currency was primarily the result of increased sales in the home and beauty categories, partially offset by declines in jewelry. QVC-Italy's sales consisted primarily of home, beauty and apparel products.

QVC's gross profit percentage was 37.0%, 36.6% and 36.4% for the years ended December 31, 2014, 2013 and 2012, respectively. The increase in gross profit percentage in 2014 and 2013 was primarily due to improved product margins in the home, apparel, jewelry, beauty and accessories categories.

QVC's operating expenses are principally comprised of commissions, order processing and customer service expenses, credit card processing fees, telecommunications expenses and production costs. Operating expenses increased \$13 million or 1.8% and \$25 million or 3.5% for the years ended December 31, 2014 and 2013, respectively.

The increase in 2014 was primarily due to a \$5 million increase in each of customer service, commissions expenses and credit card processing fees and a \$4 million increase in programming and production costs, partially offset by favorable foreign currency exchange rates of \$6 million. The increase in customer service expenses was primarily due to the launch of the new European systems platform that created some short-term disruptions and resulted in additional talk times in Germany and an increase in the U.S. due to volume associated with the sales increase. The increase in commission expenses was primarily due to higher ASP.

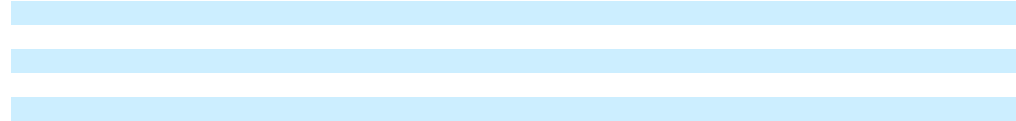


As discussed above the Provide interest was sold for cash and an interest in FTD which will be accounted for as an equity method affiliate in future periods. Therefore, the consolidated results of Provide will no longer be included in Liberty on a go forward basis.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk .

We are exposed to market risk in the normal course of business due to our ongoing investing and financial activities and the conduct of operations by our subsidiaries in different foreign countries. Market risk refers to the risk of loss arising from adverse changes in stock prices, interest rates and foreign currency exchange rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks.

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We have achieved this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term



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currency is the local currency are translated into U.S. dollars at period-end exchange rates, and the statements of operations are generally translated at the average exchange rate for the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. dollars that result in unrealized gains or losses are recorded in other comprehensive income.



MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Liberty Interactive Corporation's (the "Company") management is responsible for establishing and



Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Liberty Interactive Corporation:

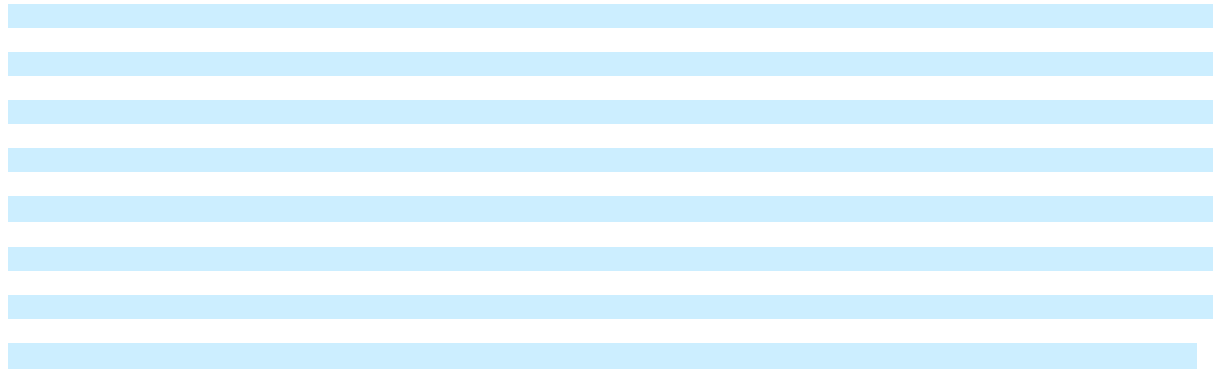
We have audited Liberty Interactive Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control – Integrated Framework (1992), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting on page II-29. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) for the audit of financial statements.

In our opinion, because of the effect of the aforementioned material weakness on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

/s/ KPMG LLP

Denver, Colorado
February 26, 2015



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LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

On December 31, 2014, Liberty announced the closing of the acquisition by FTD Companies, Inc. ("FTD") of Provide (the "FTD Transaction"). Under the terms of the transaction, Liberty received approximately 10.2 million shares of FTD common stock representing approximately 35% of the combined company and approximately \$145 million in cash. We recognized a gain of \$75 million as a result of this transaction, which is included in the Gains (losses) on transactions, net line item in the consolidated statement of operations. Subsequent to completion of the transaction, Liberty accounts for FTD as an equity-method affiliate based on the ownership level and board representation. The FTD Transaction resulted in a non-cash investing addition of \$355 million to the investments in affiliates, accounted for using the equity method line item within the consolidated balance sheets. Given our significant continuing involvement with FTD, Provide is not presented as a discontinued operation in the consolidated financial statements of Liberty. As of December 31, 2013, the assets and liabilities subject to the sale are comprised of the following (amounts in millions):

	December 31, 2013	
Current assets	\$	87
Property & equipment, net	\$	32
Goodwill	\$	338
Trademarks	\$	22
Other intangible assets, net	\$	31
Other assets	\$	13
Current liabilities	\$	91
Net deferred tax liability	\$	8
Other liabilities	\$	9

These net assets are not deemed material for isolated presentation as assets and liabilities held for sale in our consolidated balance sheet as of December 31, 2013. Accordingly, these net assets are included in the above captions in the consolidated balance sheet as of December 31, 2013.

On September 23, 2011, Liberty completed the split-off of a wholly owned subsidiary, cer 23,23 spitinglolo as ain

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

into certain agreements in order to govern certain of the ongoing relationships between the two companies after the LMC Split-Off and to provide for an orderly transition. These agreements include a Reorganization Agreement, a Services Agreement, a Facilities Sharing Agreement and a Tax Sharing Agreement.

The Tax Sharing Agreement provides for the allocation and indemnification of tax liabilities and benefits between Liberty and LMC and other agreements related to tax matters. Liberty is party to on-going discussions with the IRS under the Compliance Assurance Process audit program. The IRS may propose adjustments that relate to tax attributes allocated to and income allocable to LMC in the LMC Split-Off. Any potential outcome associated with any proposed adjustments would be covered by the Tax Sharing Agreement and Tments i~~l~~~~o~~~~e~~~~x~~

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

on a prospective basis from the date of the reattribution in Liberty's consolidated financial statements and attributed financial information, with October 1, 2014 used as a proxy for the date of the reattribution.

In exchange for the Digital Commerce companies and \$970 million of cash (collectively, the "Reattributed Assets"), an inter-group interest in the

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

The term "Ventures Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. Following the reattribution, the Ventures Group is comprised primarily of our interests in Expedia, Inc., Interval Leisure Group, Inc., LendingTree, our Digital Commerce companies, investments in Time Warner Inc. and Time Warner Cable Inc., as well as cash in the amount of approximately \$1,884 million (at December 31, 2014), including subsidiary cash. The Ventures Group also has attributed to it certain liabilities related to our Exchangeable Debentures and certain deferred tax liabilities. The Ventures Group is primarily focused on the maximization of the value of these investments and investing in new business opportunities.

The term "QVC Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. The QVC Group is primarily comprised of our merchandise-focused televised-shopping programs, Internet and mobile application businesses. Following the reattribution, the QVC Group has attributed to it the remainder of our businesses and assets, including our wholly-owned subsidiary QVC and our 38% interest in HSN, Inc. as well as cash in the amount of approximately \$421 million (at December 31, 2014), including subsidiary cash.

See Exhibit 99.1 to this Annual Report on Form 10-K for unaudited attributed financial information for Liberty's tracking stock groups.

Summary of Significant Accounting Policies

Cash and Cash Equivalen. EEEEEEE

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

Property and Equipment

Property and equipment consisted of the following:

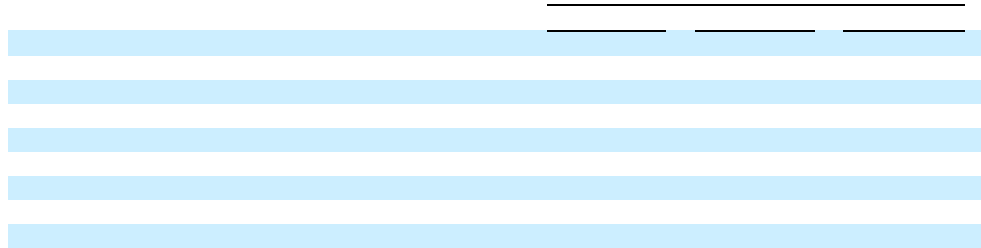
	December 31, 2014	December 31, 2013
	amounts in millions	
Land	\$ 205	208
Buildings and improvements	935	976
Support equipment	847	940
Projects in progress	43	77
Total property and equipment	<u>\$ 2,030</u>	<u>2,201</u>

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

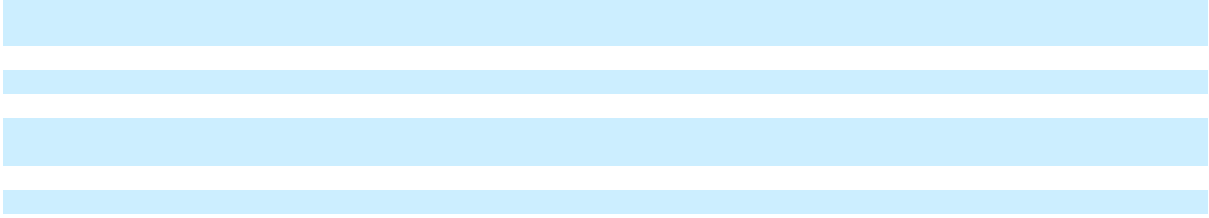
December 31, 2014, 2013 and 2012

Stock compensation expense was \$108 million, \$118 million and \$91 million for the years ended December 31, 2014, 2013 and 2012, respectively, included in selling, general and administrative costs.

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LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

in realized and unrealized gains (losses) on financial instruments in the accompanying consolidated statements of operations.

Investments in AFS securities, the majority of which are considered Fair Value Option Securities and other cost investments, are summarized as follows:

	December 31, 2014	December 31, 2013
amounts in millions		
QVC Group		
Other cost investments	\$ 4	4
Total attributed QVC Group	\$ 4	4
Ventures Group		
Time Warner Inc.	\$ 375	306
Time Warner Cable Inc.	815	741
Other AFS investments	30	262
Total attributed Ventures Group	1,220	1,309
Consolidated Liberty	\$ 1,224	1,313

(8) Investments in Affiliates Accounted for Using the Equity Method

Liberty has various investments accounted for using the equity method. The following table includes Liberty's carrying amount and percentage ownership of the more significant investments in affiliates at December 31, 2014 and the carrying amount at December 31, 2013:

	Percentage ownership	December 31, 2014		December 31, 2013	
		Market value	Carrying amount	Carrying amount	Carrying amount
dollars in millions					
QVC Group					
HSN, Inc. (2)	38 %	\$ 1,521	\$ 328		293
Other	various	N/A	47		50
Total QVC Group	21				

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

December 31, 2014, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

2015	\$ 470
2016	\$ 421
2017	\$ 262
2018	\$ 10
2019	\$ 7

Impairments

Continued declining operating results as compared to budgeted results and certain trends related to certain Digital Commerce companies required a Step 2 impairment test and a determination of fair value for those subsidiaries. Fair value for those subsidiaries, including the related intangibles and goodwill, were determined using the respective companies' projections of future operating performance and applying a combination of market multiples (market approach) and discounted cash flow (income approach) calculations (Level 3). As of December 31, 2014 accumulated goodwill impairment losses for the Digital Commerce companies was \$111 million.

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

(10) Debt

Debt is summarized as follows:

	Outstanding principal December 31, 2014	Carrying value	
		December 31, 2014	December 31, 2013
amounts in millions			
QVC Group			
Corporate level notes and debentures			
8.5% Senior Debentures due 2029	\$ 287	285	285
8.25% Senior Debentures due 2030	504	501	501
1% Exchangeable Senior Debentures due 2043	400	444	423
Subsidiary level notes and facilities			
QVC 7.5% Senior Secured Notes due 2019	—	—	761
QVC 3.125% Senior Secured Notes due 2019	400	399	—
QVC 7.375% Senior Secured Notes due 2020	500	500	500
QVC 5.125% Senior Secured Notes due 2022	500	500	500
QVC 4.375% Senior Secured Notes due 2023	750	750	750
QVC 4.850% Senior Secured Notes due 2024	600	600	—
QVC 4.45% Senior Secured Notes due 2025	600	599	—
QVC 5.45% Senior Secured Notes due 2034	400	399	—
QVC 5.95% Senior Secured Notes due 2043	300	300	300
QVC Bank Credit Facilities	508	508	922
Other subsidiary debt	75	75	141
Total QVC Group	\$ 5,824	5,860	5,083
Ventures Group			
Corporate level debentures			
4% Exchangeable Senior Debentures due 2029	\$ 438	294	284
3.75% Exchangeable Senior Debentures due 2030	438	291	270
3.5% Exchangeable Senior Debentures due 2031	355	325	316
0.75% Exchangeable Senior Debentures due 2043	850	1,220	1,062
Subsidiary level notes and facilities			
Other subsidiary debt	61	61	—
Total Ventures Group	\$ 2,142	2,191	1,932
Total consolidated Liberty debt	\$ 7,966	8,051	7,015
Less debt classified as current		(946)	(909)
Total long-term debt		7,105	6,106

Exchangeable Senior Debentures

Each \$1,000 original principal amount of the 0.75% Exchangeable Senior Debentures is exchangeable for a basket of 6.3040 shares of common stock of Time Warner Cable Inc., 5.1635 shares of common stock of Time Warner Inc. and 0.6454 shares of Time, Inc., which may change over time to include other publicly traded common equity securities that may be distributed on or in respect of those shares of Time Warner Cable Inc. and Time Warner Inc. (or into which any of those securities may be converted or exchanged). This basket of shares for which each Debenture in the original principal amount of \$1,000 may be exchanged is referred to as the Reference Shares attributable to such Debenture, and to each

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Consolidated

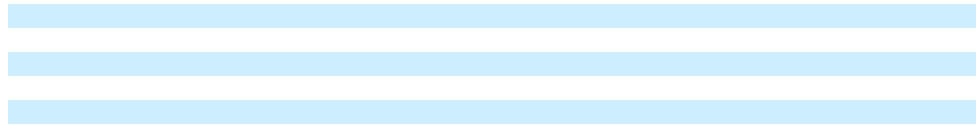


LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

or incremental term loans. The loans are scheduled to mature on March 1, 2018. The Bank Credit Facility contains covenants customary to those generally contained in bank credit facilities. Borrowings under the Bank Credit Facility bear interest at either the alternate base rate or LIBOR (base rate is the greater of one week, one month, two month, three month or six month LIBOR plus a margin of 1.00% to the extent available from all lenders, nine months or twelve months)



LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

	amounts in millions		
Computed expected tax benefit (expense)	\$ (293)	(258)	(309)
State and local income taxes, net of federal income taxes	(7)	(15)	—
Foreign taxes, net of foreign tax credits	(2)	(7)	5
Sale of consolidated subsidiary	14	—	—
Impairment of intangible assets not deductible for tax purposes	(3)	(2)	(16)
Dividends received deductions	10	9	13
Alternative energy tax credits	58	54	48
Change in valuation allowance affecting tax expense	(2)	(27)	(8)
Impact of change in state rate on deferred taxes	(28)	66	—
Other, net	(5)	(3)	(11)
Income tax benefit (expense)	\$ (258)	(183)	(278)

During 2014 and 2013, Liberty changed its estimate of the effective state tax rate used to measure its net deferred tax liabilities, based on expected changes to the Company's state apportionment factors. The change in 2014 was caused by the sale of a consolidated subsidiary (Provide) on December 31, 2014. The change in state apportionment factors during 2013 also changed the potential utilization of the Company's state net operating loss carryforwards, which resulted in a valuation allowance being recorded for certain state net operating loss carryforwards that may expire unused. In both years, the rate change required an adjustment to the recognized deferred taxes at the corporate level. During 2014, 2013 and 2012, Liberty offset federal tax liabilities with tax credits derived from its alternative energy investments.

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LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are presented below:

†

	December 31,	
	2014	2013
	amounts in millions	
Deferred tax assets:		
Net operating and capital loss carryforwards	\$ 90	74
Foreign tax credit carryforwards	88	129
Accrued stock compensation	41	27
Other accrued liabilities	143	85
Other future deductible amounts	134	119
Deferred tax assets	496	434
Valuation allowance	(54)	(52)
Net deferred tax assets	442	382
Deferred tax liabilities:		
Investments	703	569
Intangible assets	1,284	1,416
Discount on excX		
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____

LIBERTY INTERACTIVE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

All of the foregoing shares were repurchased pursuant to a previously announced share repurchase program and have been retired and returned to the status of authorized and available for issuance.

During 2012, in connection with the creation of the Liberty Ventures tracking stock, the Company distributed subscription rights to purchase shares of Series A Liberty Ventures common stock (each, a "Series A Right"). Each whole Series A Right entitled its holder to subscribe, at a per share subscription price of \$35.99, for one share of Series A Liberty Ventures common stock. In the fourth quarter of 2012, the Company issued approximately 9 million shares in connection with the rights offering and raised approximately \$328 million of cash.

(13) Transactions with Officers and Directors

Chief Executive Officer Compensation Arrangement

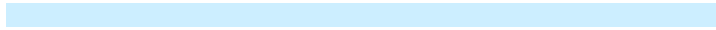
In December 2014, the Compensation Committee (the "Committee") of Liberty approved a compensation arrangement, including term options discussed in note 14, for its President and Chief Executive Officer (the "CEO"). The arrangement provides for a five year employment term beginning January 1, 2015 and ending December 31, 2019, with an annual base salary of \$960,750, increasing annually by 5% of the prior year's base salary, and an annual target cash bonus equal to 250% of the applicable year's annual base salary. The arrangement also provides that, in the event the CEO is terminated for "cause," he will be entitled only to his accrued base salary and any amounts due under applicable law and he will forfeit all rights to his unvested term options. If, however, the CEO is terminated by Liberty without cause or if he terminates his employment for "good reason," the arrangement provides for him to receive his accrued base salary, his accrued but unpaid bonus and any amounts due under applicable law, a severance payment of 1.5 times his base salary during the year of his termination, a payment equal to \$11,750,000 pro rated based upon the elapsed number of days in the calendar year of termination, a payment equal to \$17.5 million, and for his unvested term options to generally vest pro rata based on the portion of the term elapsed through the termination date plus 18 months and for all vested and accelerated options to remain exercisable until their respective expiration dates. If the CEO terminates his employment without "good reason," he will be entitled to his accrued base salary, his accrued but unpaid bonus and any amounts due under applicable law and a payment of the \$11,750,000 and for his unvested term options to generally vest pro rata based on the portion of the term elapsed through the termination date and all vested and accelerated options to remain exercisable until their respective expiration dates. Lastly, in the case of the CEO's death or his disability, the arrangement provides that he will be entitled only to his accrued base salary and any amounts due under applicable law, a payment of 1.5 times his base salary during that year, a payment equal to \$11,750,000 pro rated based upon the elapsed number of days in the calendar year of termination, a payment equal to \$17.5 million and for his unvested term options to fully vest and for his vested and accelerated term options to remain exercisable until their respective expiration dates.

In addition, beginning in 2015, the CEO will receive annual performance-based options to purchase shares of QVCB and LVNTB with a term of 7 years (the "Performance Options") and performance-based restricted stock units with respect to QVCB and LVNTB (the "Performance RSUs" and together with the Performance Options, the "Performance Awards") during the employment term. Grants of Performance Awards will be allocated between Liberty and Liberty Media Corporation. The aggregate target amount to be allocated between Liberty and Liberty Media will be \$16 million with respect to calendar year 2015, \$17 million with respect to calendar year 2016, \$18 million with respect to calendar year 2017, \$19 million with respect to calendar year 2018 and \$20 million with respect to calendar year 2019. Vesting of the



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Other Information

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PART III

The following required information is incorporated by reference to our definitive proxy statement for our 2015 Annual Meeting of Stockholders presently scheduled to be held in the second quarter of 2015:

<u>Item 10.</u>	Directors, Executive Officers and Corporate Governance
<u>Item 11.</u>	Executive Compensation
<u>Item 12.</u>	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
<u>Item 13.</u>	Certain Relationships and Related Transactions, and Director Independence
<u>Item 14.</u>	Principal Accountant Fees and Services

We expect to file our definitive proxy statement for our 2015 Annual Meeting of Shareholders with the Securities and Exchange Commission on or before April 30, 2015.

PART IV.

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) *Financial Statements*

Included in Part II of this report:

	<u>Page No.</u>
Liberty Interactive Corporation:	
Reports of Independent Registered Public Accounting Firm	II-29 & II-31
Consolidated Balance Sheets, December 31, 2014 and 2013	II-32
Consolidated Statements of Operations, Years ended December 31, 2014, 2013 and 2012	II-33
Consolidated Statements of Comprehensive Earnings (loss), Years ended December 31, 2014, 2013 and 2012	II-35
Consolidated Statements of Cash Flows, Years ended December 31, 2014, 2013 and 2012	II-36
Consolidated Statements of Equity, Years ended December 31, 2014, 2013 and 2012	II-37
Notes to Consolidated Financial Statements, December 31, 2014, 2013 and 2012	II-38

(a)(2) *Financial Statement Schedules*

(i) ~~Financial Schedules have~~ been omitted because they are not applicable, not material or the required in air d r d S r d i o i e r l o



10.37	Indenture dated as of March 18, 2013 among QVC, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 10.2 to QVC's Quarterly Report on Form 10-Q filed on May 9, 2013 (File No. 333-184501)).
10.38	Form of the Indenture dated as of March 18, 2014 among QVC, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to QVC's Registration Statement on Form S-4 filed on April 30, 2014 (File No. 333-195586)).
10.39	Indenture dated as of August 21, 2014 among QVC, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to QVC's Registration Statement on Form S-4 filed on October 10, 2014 (File No. 333-199254)).
10.40	Form of Amended and Restated Credit Agreement, dated as of March 1, 2013, among QVC, Inc., as Borrower, J.P. Morgan Securities LLC, as Lead Arranger and Lead Bookrunner, JPMorgan Chase Bank, N.A., as Administrative Agent, Wells Fargo Bank, N.A., and BNP Paribas, as Syndication Agents, and the parties named therein as Lenders, Documentation Agents and Co-Lead Arrangers and Co-Bookrunners (incorporated by reference to Exhibit 99.2 to QVC's Current Report on Form 8-K filed on March 7, 2013 (File No. 333- 184501)).
21	Subsidiaries of Liberty Interactive Corporation.*
23.1	Consent of KPMG LLP.*
31.1	Rule 13a-14(a)/15d - 14(a) Certification.*
31.2	Rule 13a-14(a)/15d - 14(a) Certification.*
32	Section 1350 Certification.**
99.1	Unaudited Attributed Financial Information for Tracking Stock Groups.*
99.2	Reconciliation of Liberty Interactive Corporation Net Assets and Net Earnings to Liberty Interactive LLC Net Assets and Net Earnings.**
101.INS	XBRL Instance Document.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Calculation Linkbase Document.*
101.LAB	XBRL Taxonomy Label Linkbase Document.*
101.PRE	XBRL Taxonomy Presentation Linkbase Document.*
101.DEF	XBRL Taxonomy Definition Document.*

* Filed herewith.

** Furnished herewith.



10 - Material Contracts:

- 10.1 Liberty Interactive Corporation 2000 Incentive Plan (As Amended and Restated Effective November 7, 2011) (the "2000 Incentive Plan") (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ending September 30, 2011 filed on November 8, 2011 (File No. 001-33982) (the "Liberty 2011 10-Q").
 - 10.2 Amendment to the 2000 Incentive Plan (effective as of August 5, 2011) (incorporated by reference, Form 10
-

[Table of Contents](#)

21	Subsidiaries of Liberty Interactive Corporation.*
23.1	Consent of KPMG LLP.*
31.1	Rule 13a-14(a)/15d - 14(a) Certification.*
31.2	Rule 13a-14(a)/15d - 14(a) Certification.*
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101.PRE	XBRL Taxonomy Presentation Linkbase Document.*
101.DEF	XBRL Taxonomy Definition Document.*

* Filed herewith.

** Furnished herewith.

Execution Copy

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LIBERTY INTERACTIVE CORPORATION
EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (this "**Agreement**"), dated effective as of December 29, 2014 (the "**Effective Date**"), is made by and between Liberty Interactive Corporation, a Delaware corporation (the "**Company**"), and Gregory B. Maffei (the "**Executive**").

RECITALS

A. The Company has determined that it is in the best interests of the Company and its stockholders to employ the Executive as its President and Chief Executive Officer.

B. The Company wishes to assure itself of the services of the Executive for the period hereinafter provided, and the Executive is willing to be employed by the Company for said period, upon the terms and conditions provided in this Agreement.

NOW, THEREF

(iii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of (1) the Company or (2) the Company's Subsidiaries, taken as a whole,

(iv) at any time during any period of two consecutive years beginning on or after the Effective Date, individuals who at the beginning of such period were members of the Board ("Original Directors") and new directors, if any, whose election or nomination for election to the Board was recommended or approved by a majority of the Original Directors and the new directors whose nomination had previously been so approved, cease for any reason to constitute a majority of the then incumbent members of the Board,

(v) any transaction (or series of related transactions) in which any person (as such term is defined in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), corporation or other entity (other than the Company, any of its Subsidiaries, any employee benefit plan sponsored by the Company or any of its Subsidiaries, any Exempt Person (as defined in the 2012 Incentive Plan as in effect on the date hereof) or any member of the Malone Group) shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the then outstanding securities of the Company ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors (calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company's securities), or

(vi) a spin-off, split-off, split-up or other similar event or events (each, a "Spin Transaction"), either in a single transaction or in a series of related or unrelated transactions (provided that such related or unrelated transactions occur during a period of 24 consecutive months), pursuant to which assets of the Company or of one or more of its Subsidiaries having either a fair market value (as determined in the good faith reasonable judgment of the Board) or book value equal to 40% or more of the total fair market value or book value of the assets of the Company and its Subsidiaries (taken as a whole) are directly or indirectly transferred or distributed by dividend or otherwise, excluding any Spin Transaction in which (A) the Executive is appointed as the chief executive officer of the separate publicly-traded entity that is the subject of such Spin Transaction, whether or not he elects to accept such appointment, and (B) any equity-based awards previously granted by the Company to the Executive are adjusted in a manner that (1) preserves the intrinsic value of such equity-based award (or, in the case of the grant of a new equity-based award, preserves the intrinsic value of the equity-based award in respect of which such equity-based award is granted) and (2) complies with, or is exempt from, Section 409A of the Code. For the purpose of calculating whether the 40% threshold described in this clause (vi) has been reached or exceeded in a series of two or more transactions, the following calculation will apply:

$$X = \frac{40 - P}{100 - P}$$

where

X = percentage of book or fair market value, as applicable, required to reach the 40% threshold as of the date of the second or any subsequent transaction; and

P = percentage of book or fair market value, as applicable, disposed of in all prior spin-off, split-off, split-up or other similar events to which clause (vi) applies, determined as of the date of each such transaction.

(k) “**Close of Business**” means, on any day, 5:00 p.m., Denver, Colorado time.

(l) “**Code**” means the Internal Revenue Code of 1986, as amended.

(m) “**Common Stock**” means the QVCB Common Stock and/or the LVNTB Common Stock, as applicable.

(n) “**Compensation Committee**” means the compensation committee of the Board.

(o) “**Disabled**” or “**Disability**” means the Executive’s inability to substantially perform his duties to the Company due to physical or mental impairment for six consecutive months and, within 30 days after a notice of termination is given to the Executive, the Executive continues to be unable to substantially perform his duties to the Company due to physical or mental impairment. Notwithstanding the foregoing, the Executive will not be considered Disabled unless the Executive is also “disabled,” as such term is defined under Section 409A(a)(2)(C) of the Code.

(p) “**Equity Awards**” means the LIC Term Options and the LIC Performance Equity Awards.

(q) “**Equity Award Agreements**” means the award agreements pursuant to which the Equity Awards are granted.

(r) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time, or any successor statute or statutes thereto.

(s) “**Executive Election Notice**” has the meaning specified in [Section 4.9\(c\)](#).

(t) “**Fundamental Corporate Event**” means a corporate event with respect to the Company which results in a change to the number or type of shares of stock subject to an Equity Award, including a stock dividend, stock split, reverse stock split, reclassification, recapitalization, reorganization, split-up, spin-off, combination, share exchange, merger, consolidation or similar corporate event.

(u) “**Good Reason**” means the occurrence of any of the following events:

- (i) the failure of the Company to appoint the Executive to, or to permit him to remain in, the positions set forth in Section 3, if that failure is not cured within 10 days after written notice from the Executive;
 - (ii) the assignment by the Company to the Executive of duties materially inconsistent with his status as the chief executive officer of a publicly-traded company or any material diminution in the Executive's duties and/or responsibilities, reporting obligations, titles or authority, as set forth in Section 3, if that inconsistency or diminution is not cured within 10 days after written notice from the Executive;
 - (iii) a reduction by the Company of the Executive's Base Salary or Target Bonus (it being acknowledged that the Company will have no obligation to actually award any bonus) or of the Aggregate LMC/LIC Target Amount (it being acknowledged that the vesting of Target Awards and the granting of Above Target Awards will be subject to satisfaction of the applicable 162(m) Objectives and any Negative Discretion Criteria in accordance with the applicable Equity Award Agreement and this Agreement);
 - (iv) the Company's failure to provide any payments or employee benefits required to be provided to the Executive and continuation of that failure for 10 days after written notice from the Executive;
 - (v) any purported termination by the Company of the Executive's employment for Cause which is not substantially effected pursuant to the procedures described in Section 1(i);
 - (vi) a Change in Control; provided that the Executive may exercise his right to terminate his employment for Good Reason pursuant to this Section 1(u)(vi) only during the 30-day period that commences 90 days after the occurrence of such Change in Control;
 - (vii) a termination of the Executive's employment with LMC pursuant to the LMC Employment Agreement (A) by LMC without Cause (as defined in such agreement) or (B) by the Executive for Good Reason (as defined in such agreement); provided, that the Executive may exercise his right to terminate his employment for Good Reason pursuant to this Section 1(u)(vii) only during the 60-day period following such termination of employment with LMC;
 - (viii) any material breach of the Agreement or any other written agreement between the Executive, on the one hand, and the Company or any Subsidiary, on the other, by the Company or such Subsidiary, if not cured within 10 days after written notice from the Executive; and/or
 - (ix) a failure of the Company to have any successor to the Company assume in writing the Company's obligations under the Agreement, if not cured within 10 days after written notice from the Executive.
-

Notwithstanding the foregoing, Good Reason will not be deemed to exist unless the Executive gives the Company notice within 120 days (or such shorter period specified above) after the occurrence of the event which the Executive believes constitutes the basis for Good Reason, specifying the particular act or failure to act which the Executive believes constitutes the basis for Good Reason.

- (v) “**Liberty Broadband**” means Liberty Broadband Corporation, a Delaware corporation.
 - (w) “**LIC Maximum Amount**” means 150% of the LIC Target Amount for such year.
 - (x) “**LIC Performance Equity Awards**” has the meaning specified in Section 4.9(a).
 - (y) “**LIC Performance Options**” has the meaning specified in Section 4.9(a).
 - (z) “**LIC Performance RSUs**” has the meaning specified in Section 4.9(a).
 - (aa) “**LIC Target Amount**” has the meaning specified in Section 4.9(b).
 - (bb) “**LIC Term Options**” has the meaning specified in Section 4.9(b).
-

4. **Salary, Bonus, Benefits, Expenses and Equity Grants.**

4.1 **Salary**

employed by the Company, then following any post-termination of employment period with LMC during which the Executive continues to be provided with personal aircraft usage pursuant to the terms of the Aircraft Usage Agreement, the Company and Executive will negotiate in good faith the terms on which the Company will provide the Executive with personal aircraft usage that is commensurate with that provided to him pursuant to the Aircraft Usage Agreement. For so long as the Executive is employed by both the Company and LMC, such entities will allocate the cost of the perquisites and benefits provided pursuant to this Section 4.5 and the Aircraft Usage Agreement between them in accordance with such method as they may agree, provided that such allocation has no adverse impact on Executive.

4.6 **Business Expenses.** The Company will promptly pay or reimburse the Executive for reasonable expenses incurred in connection with the Executive's employment in accordance with the Company's standard policies and practices as in effect from time to time. For so long as the Executive is eJo long as ts

in each case to acquire QVCB Common Stock (the “**QVCB Performance Options**”) and LVNTB Common Stock (the “**LVNTB Performance Options**”) and, together with the QVCB Performance Options, the “**LIC Performance Options**”), which grants will be made pursuant to an Option award agreement in the form attached as **Exhibit D**. As specified in **Exhibit C**, any LIC Performance RSUs issued as Above Target Awards will be fully vested as of the Close of Business on the date of grant and, as specified in **Exhibit D**

for such year as finally determined pursuant to Section 4.10 (or, if such notice is given by the Company during a blackout period with respect to the QVCB Common Stock or the LVNTB Common Stock, by the later of the last day of such 5 day period or two days following the end of such blackout period), the Executive will send notice to the Company (each, an “**Executive Election Notice**”) specifying (x) the percentage of the QVCB Target Amount that the Executive desires to be issued in the form of QVCB Performance RSUs and the percentage of such amount that the Executive desires to be issued in the form of QVCB Performance Options, and (y) the percentage of the LVNTB Target Amount that the Executive desires to be issued in the form of LVNTB Performance RSUs and the percentage of such amount that the Executive desires to be issued in the form of LVNTB Performance Options, in each case, for such year; provided, that the Executive may not elect to have more than 80% of the QVCB Target Amount or the LVNTB Target Amount for a given year be issued in the form of one type of award or the other. If the Executive does not timely deliver an Executive Election Notice for a given year, unless the Company and the Executive otherwise agree, the QVCB Target Amount for such year will be allocated 50/50 between QVCB Performance RSUs and QVCB Performance Options and the LVNTB Target Amount for such year will be allocated 50/50 between LVNTB Performance RSUs and LVNTB Performance Options. The amount of any Above Target Awards with respect to a calendar year shall be allocated between LIC Performance Equity Awards in respect of QVCB Common Stock (“**QVCB Above Target Awards**”) and LIC Performance Equity Awards in respect of LVNTB Common Stock (“**LVNTB Above Target Awards**”) in the same proportion as the allocation of the LIC Target Amount between QVCB Common Stock and LVNTB Common Stock for such year. Not less than 5 days prior to the end of each of 2015, 2016, 2017, 2018 and 2019, the Executive shall provide the Company with written notice of the percentage of any QVCB Above Target Awards or LVNTB Above Target Awards that may thereafter be granted in respect of such calendar year that the Executive desires to be granted as QVCB Performance RSUs, in the case of QVCB Above Target Awards, or as LVNTB Performance RSUs, in the case of LVNTB Above Target Awards (which grants will be made pursuant to an award agreement in the form attached as **Exhibit C**) and the percentage of any such Above Target Awards that the Executive desires to be granted as QVCB Performance Options, in the case of QVCB Above Target Awards, or as LVNTB Performance Options in the case of LVNTB Above Target Awards (which grants will be made pursuant to an award agreement in the form attached as **Exhibit D**). Such elections described in this Section 4.9(c) shall be annual, such that the election for one year shall not impact the election for another year. If the Executive does not timely deliver such an election with respect to QVCB or LVNTB Above Target Awards for a given year, the percentage of any QVCB Above Target Award for such year granted as QVCB Performance RSUs shall be equal to the percentage of the QVCB Target Amount for such year granted in QVCB Performance RSUs, the percentage of any LVNTB Above Target Award for such year granted as LVNTB Performance RSUs shall be equal to the percentage of the LVNTB Target Amount for such year granted in LVNTB Performance RSUs, the percentage of any QVCB Above Target Award for such year granted as QVCB Performance Options shall be equal to the percentage of the QVCB Target Amount for such year granted in QVCB Performance Options and the percentage of any LVNTB Above Target Award for such year granted as LVNTB Performance Options shall be equal to the percentage of the LVNTB Target Amount for such year granted in LVNTB Performance Options. The Company shall honor all elections timely made by Executive under this Section 4.9(c).

(d) Subject to any blackouts pursuant to the Company's insider trading policy, the Target Awards for a given year will be issued by the Company within two Business Days following the date as of which the following conditions have been met: (i) the 162(m) Objectives and any Negative Discretion Criteria for such year have been finally determined in accordance with [Section 4.10](#), and (ii) the Company has received the Executive Election Notice for such year or the QVCB Target Amount and LVNTB Target Amount have otherwise been allocated in accordance with [Section 4.9\(c\)](#). The aggregate value of the LIC Performance Equity Awards issued pursuant to this [Section 4.9\(d\)](#) will be 100% of the LIC Target Amount for such year. Above Target Awards will be issued to the Executive, if at all, pursuant to [Section 4.11\(c\)](#).

(e) With respect to any calendar year, the required number of LIC Performance RSUs (other than Above Target Awards) to be granted for such calendar year shall be based on the average closing sale price of the QVCB Common Stock or the LVNTB Common Stock, as applicable, during a ten consecutive trading day period that ends on a trading day that is within ten days preceding the grant date of such LIC Performance RSUs. With respect to any calendar year, the number of LIC Performance Options (other than Above Target Awards) to be granted shall have a Black Scholes value equal to the dollar value of the portion of the LIC Target Amount to be granted in the form of LIC Performance Options.

(f) With respect to any calendar year, the number of LIC Performance RSUs, if any, granted in respect of an Above Target Award shall be based on the closing sale price of the QVCB Common Stock or the LVNTB Common Stock, as applicable, on the grant date. With respect to any calendar year, the number of LIC Performance Options, if any, granted in respect of an Above Target Award shall have a Black Scholes Value equal to the dollar value of the portion of the Above Target Award to be granted in the form of LIC Performance Options.

4.10 **Establishment of 162(m) Objectives and Negative Discretion Criteria.**

(a) The initial determination of the amount of the LIC Maximum Amount that may be earned with respect to any calendar year shall be based solely on the achievement of the 162(m) Objectives, but such amount that may be earned by the Executive shall be subject to reduction based on the Compensation Committee's application of the Negative Discretion Criteria in accordance with [Section 4.10\(b\)](#) and [Section 4.11](#).

(b) The Compensation Committee may (but is not required to) structure a plan with respect to vesting of the LIC Performance Equity Awards (or, in the case of Above Target Awards, granting) that provides that once the Compensation Committee has certified that portion, if any, of the 162(m) Objectives that has been achieved (the "**Achieved 162(m) Objectives**"), the Compensation Committee may, in good faith and its sole discretion, but subject to the limitation in [Section 4.11\(b\)](#) with respect to the Target Awards, exercise negative discretion with respect to reducing the number of LIC Performance Equity Awards that would otherwise vest (or, in the case of Above Target Awards, be awarded) based solely on the Achieved 162(m) Objectives. The Performance Metrics relating to the Compensation Committee's exercise of such negative discretion with respect to the Target Awards and the Performance Metrics relating to the Compensation Committee's exercise of such negative discretion with respect to the Above Target Awards (such Performance Metrics collectively, the "**Negative Discretion Criteria**") will be established by the Compensation Committee in good

faith and its sole discretion in compliance with the timing requirements of Section 162(m) of the Code and in accordance with the Section 4.10 Process. Notwithstanding anything to the contrary in this Agreement, it is agreed that the Negative Discretion Criteria with respect to all or any part of the Above Target Awards may be limited to a statement that the grant of all or any part of the Above Target Awards will be made by the Compensation Committee in its sole discretion.

(c) The “Section 4.10 Process” means the following process with respect to the 162(m) Objectives and any Negative Discretion Criteria established by the Compensation Committee, which process is subject to the provisions of Section 4.10(a), Section 4.10(b) and the limitations in Section 4.11(b):

- (i) Not later than February 25 of each year the Compensation Committee will adopt by resolution and provide the Executive with a written proposal regarding (and separately identifying) the 162(m) Objectives and any Negative Discretion Criteria to be applicable to the LIC Performance Equity Awards for that year.
 - (ii) If the Executive disagrees with or objects to such proposed 162(m) Objectives, any Negative Discretion Criteria or any component of either, he will notify the Company’s General Counsel (a “**Disagreement Notice**”) within 10 days of receipt of such proposed objectives. If the Executive does not timely deliver a Disagreement Notice, the 162(m) Objectives and any Negative Discretion Criteria proposed by the Compensation Committee will be the 162(m) Objectives and Negative Discretion Criteria that apply to the LIC Performance Equity Awards for that year.
 - (iii) If the Executive timely delivers a Disagreement Notice, then the Executive and the Compensation Committee will each provide its position to the Chairman of the Company’s Board (the “**Chairman**”) within 5 days of the General Counsel’s receipt of the Disagreement Notice. If the Executive does not timely deliver his position to the Chairman, the 162(m) Objectives and any Negative Discretion Criteria proposed by the Compensation Committee will be the 162(m) Objectives and Negative Discretion Criteria that apply to the LIC Performance Equity Awards for that year.
 - (iv) Within 2 days of receiving the last of such positions, the Chairman will provide input to the Compensation Committee with respect to the Chairman’s position on the proposed 162(m) Objectives and any proposed Negative Discretion Criteria.
 - (v) Within 5 days of receiving input from the Chairman (or at such later date that is in compliance with the timing requirements of Section 162(m)), the Compensation Committee, in good faith and in its sole discretion, will establish the 162(m) Objectives and any Negative Discretion Criteria applicable to that year’s LIC Performance Equity Awards and will notify the Executive in writing regarding (and separately identifying) such 162(m) Objectives and any Negative Discretion Criteria. Notwithstanding anything to the contrary in this Section 4.10 or elsewhere in this Agreement, the Compensation Committee retains the sole
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discretion to determine the 162(m) Objectives and any Negative Discretion Criteria applicable to the LIC Performance Equity Awards, subject only to the limitations on its exercise of negative discretion in relation to the Target Awards that are set forth in Section 4.11(b).

(d) Notwithstanding anything in this Agreement or any LIC Performance Equity Award to the contrary, the only Performance Metrics applicable to an LIC Performance Equity Award shall be the 162(m) Objectives and any Negative Discretion Criteria communicated to Executive in writing in accordance Jccordancein t n C nin e

(v) if such Separation occurs during the Employment Period, a lump sum payment in the amount of \$17,500,000; provided, that in the sole discretion of the Company, up to 25% of such amount may be paid in fully vested shares of QVCB Common Stock and LVNTB Common Stock, allocated between them in accordance with the most recent pro rata allocation of the LIC Target Amount between such series of Common Stock (provided that if (i) such Common Stock is not covered by a Form S-8 or other registration statement or (ii) such Common Stock is not then publicly traded, then 100% of such amount shall be paid in cash), with the remainder of such amount to be paid in cash; and

(vi) if such Separation occurs during the Employment Period, a lump sum payment in the amount of \$11,750,000, multiplied by a fraction, the numerator of which is the number of calendar days within such year that have elapsed through and including the date of Separation and the denominator of which is 365; provided, that in the sole discretion of the Company, up to 25% of such amount may be paid in fully vested shares of QVCB Common Stock and LVNTB Common Stock, allocated between them in accordance with the most recent pro rata allocation of the LIC Target Amount between such series of Common Stock (provided that if (i) such Common Stock is not covered by a Form S-8 or other registration statement or (ii) such Common Stock is not then publicly traded, then 100% of such amount shall be paid in cash), with the remainder of such amount to be paid in cash.

Except to the extent earlier payment of any such amounts is required by law, all such payments will be made, and any shares of Common Stock will be issued, on the date that is the 55 day after the date of the Executive's Separation, unless that day is not a Business Day, in which case such payments will be made on the immediately succeeding Business Day. Notwithstanding the foregoing, the Company may delay the issuance of any Common Stock, but not beyond 90 days after the date of the Executive's Separation, if necessary to comply with applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which shares of such Common Stock are listed or quoted. The number of shares of Common Stock to be delivered to the Executive under this Section 5.1(a), if any, shall be determined by dividing the dollar value payable to the Executive in respect of the applicable series of Common Stock by the per share closing price of such series of Common Stock on the date of the Executive's Separation.

(b) **Equity Award** ~~2017-01-17~~ **D**



(ii) if such Separation occurs during the Employment Period, a lump sum payment in an amount equal to 1.5 times Uesss^{lump}

(b) **Equity Awards.** The impact on the Equity Awards of a Separation as a result of the Executive's Disability will be as specified in the Equity Award Agreements.

5.3 Termination by the Company Without Cause or by the Executive for Good Reason.

(a) **Payments and Benefits.** Upon 30 days' prior written notice to the Executive, the Company may terminate the Executive's employment without Cause. Upon 30 days' prior written notice to the Company, the Executive may terminate his employment with the Company for Good Reason. If either such event occurs, the Executive will receive:

(i) the Standard Entitlements;

(ii) if such Separation occurs during the Employment Period, a severance payment equal to 1.5 times the amount of Executive's Base Salary for the calendar year in which the Separation occurs, which amount will be paid in equal monthly installments over the 18 month period commencing on the first payroll period following the date of such Separation;

(iii) if such Separation occurs during the Employment Period, a lump sum payment in the amount of \$17,500,000; provided, that in the sole discretion of the Company, up to 25% of such amount may be paid in fully vested shares of QVCB Common Stock and LVNTB Common Stock, allocated between them in accordance with the most recent pro rata allocation of the LIC Target Amount between such series of Common Stock (provided that if (i) such Common Stock is not covered by a Form S-8 or other registration statement or (ii) such Common Stock is not then publicly traded, then 100% of such amount shall be paid in cash), with the remainder of such amount to be paid in cash;

(iv) if such Separation occurs during the Employment Period, a lump sum payment in the amount of \$11,750,000, multiplied by a fraction, the numerator of which is the number of calendar days within such year that have elapsed through and including the date of Separation and the denominator of which is 365; provided, that in the sole discretion of the Company, up to 25% of such amount may be paid in fully vested shares of QVCB Common Stock and LVNTB Common Stock, allocated between them in accordance with the most recent pro rata allocation of the LIC Target Amount between such series of Common Stock (provided that if (i) such Common Stock is not covered by a Form S-8 or other registration statement or (ii) such Common Stock is not then publicly traded, then 100% of such amount shall be paid in cash), with the remainder of such amount to be paid in cash; and

(v) if such Separation occurs during the Employment Period, for a period of 12 months following such Separation during the Employment Period, the Executive will be entitled to: (x) continued aircraft benefits consistent with the aircraft benefits provided to the Executive during the Employment Period, (y) information technology support from the Company, as reasonably requested by

the Executive and (z) continuation of such other perquisites as the Executive was entitled to receive under Section 4.5 immediately prior to such Separation.

Except to the extent earlier payment of any such amounts is required by law, the payments to be made pursuant to Sections 5.3(a)(i), (iii) and (iv) will be made, and any shares of Common Stock will be issued, on the date that is the 55 day after the date of the Executive's Separation, or, if that day is not a Business Day, on the next succeeding Business Day. Notwithstanding the foregoing, the Company may delay the issuance of any Common Stock, but not beyond 90 days after the date of the Executive's Separation, if necessary to comply with applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which shares of such Common Stock are listed or quoted. The number of shares of Common Stock to be delivered to the Executive under this Section 5.3(a), if any, shall be determined by dividing the dollar value payable to the Executive in respect of the applicable series of Common Stock by the per l c k t

and including the date of Separation and the denominator of which is 365; provided, that in the sole discretion of the Company, up to 25% of such amount may be paid in fully vested shares of QVCB Common Stock and LVNTB Common Stock, allocated between them in accordance with the most recent pro rata allocation of the LIC Target Amount between such series of Common Stock (provided that if (i) such Common Stock is not covered by a Form S-8 or other registration statement or (ii) such Common Stock is not then publicly traded, then 100% of such amount shall be paid in cash), with the remainder of such amount to be paid in cash.

Except to the extent earlier payment of any such amounts is required by law, all such payments will be made, and any shares of Common Stock will be issued, on the 55 day after the Separation date or, if that day is not a Business Day, on the next succeeding Business Day. Notwithstanding the foregoing, the Company may delay the issuance of any Common Stock, but not beyond 90 days after the date of the Executive's Separation, if necessary to comply with applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which shares of such Common Stock are listed or quoted. The number of shares of Common Stock to be delivered to the Executive under this Section 5.5(a), if any, shall be determined by dividing the dollar value payable to the Executive in respect of the applicable series of Common Stock by the per share closing price of such series of Common Stock on the date of the Executive's Separation.

(b) **Equity Awards.** The impact on the Equity Awards of a Separation without Good Reason will be as specified in the Equity Award Agreements.

5.6 **Expiration of Employment Period.** For the avoidance of doubt, the voluntary or involuntary termination of the Executive's employment at or after the Close of Business on December 31, 2019 for any reason does not constitute a Separation "during the Employment Period" for purposes of any Severance Benefits to be paid to the Executive pursuant to any of Section 5.1, Section 5.2, Section 5.3 or Section 5.5.

5.7 **Specified Employee.** Notwithstanding any other provision of this Agreement, if (i) the Executive is to receive payments or benefits under any provision of Section 5 by reason of his Separation other than as a result of his death, (ii) the Executive is a "specified employee" with respect to the Company within the meaning of Section 409A of the Code for the period in which the payment or benefits would otherwise commence, and (iii) such payment or benefit would otherwise subject the Executive to any tax, interest or penalty imposed under Section 409A of the Code (or any regulation promulgated thereunder) if the payment or benefit were to commence within six months after a termination of the Executive's employment, then such payment or benefit required under Section 5 will instead be paid as provided in this Section 5.7. Each severance

if applicable, for the relevant period set forth above. For purposes of this Agreement, all references to “Separation,” “termination of employment” and other similar language will be deemed to refer to the Executive’s “separation from service” with the Company as defined in Treasury Regulation Section 1.409A-1(h), including, without limitation, the default presumptions thereof.

5.8 **Full Settlement; No Mitigation.** The Company’s obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder will not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company or any Subsidiary may have against the Executive; provided, that the foregoing does not affect the terms of any Equity Award Agreement, including with respect to the circumstances under which stock issued thereunder may be forfeited. In no event will the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement.

5.9 **Non-exclusivity of Rights.** Nothing in this Agreement will prevent or limit the Executive’s continuing or future participation in any employee benefit plan, program, policy or practice provided by the Company or a Subsidiary and for which the Executive may qualify, except as specifically provided herein. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of the Company or a Subsidiary at or subsequent to a Separation will be payable in accordance with such plan, policy, practice or program, except as explicitly modified by this Agreement.

5.10 **Separation Prior to January 1, 2015.** For the avoidance of doubt, if the Executive experiences a Separation prior to January 1, 2015, the provisions of this Section 5 shall not apply with respect to such Separation.

6. **Confidential Information.** The Executive will not, during or after the Employment Period, without the prior express written consent of the Company, directly or indirectly use or divulge, disclose or make available or accessible any Confidential Information (as defined below) to any person, firm, partnership, corporation, trust or any other entity or third party (other than when required to do so in good faith to perform the Executive’s duties and responsibilities under this Agreement or when (i) required to do so by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power, or (ii) necessary to prosecute the Executive’s rights against the Company or its Subsidiaries or to defend himself against any allegations). The Executive will also proffer to the Company, no later than the effective date of any termination of the Executive’s engagement with the Company for any reason, and without retaining any copies, notes or excerpts thereof, all memoranda, computer disks or other media, computer programs, diaries, notes, records, data, customer or client lists, marketing plans and strategies, and any other documents consisting of or containing Confidential Information that are in the Executive’s actual or constructive possession or which are subject to the Executive’s control at such time. For purposes of this Agreement, “**Confidential Information**” will mean all information respecting the business and activities of the Company or any Subsidiary, including, without limitation, the clients, customers, suppliers, employees, consultants, computer or other files, projects, products, computer disks or other media, computer hardware or computer software programs, marketing plans, financial information, methodologies, know-how, processes, practices, approaches, projections, forecasts,

formats, systems, trade secrets, data gathering methods and/or strategies of the Company or any Subsidiary. Notwithstanding the immediately preceding sentence, Confidential Information will not include any information that is, or becomes, generally available to the public (unless such availability occurs as a result of the Executive's breach of any of his obligations under this Section). If the Executive is in breach of any of the provisions of this Section 6 or if any such breach is threatened by the Executive, in addition to and without limiting or waiving any other rights or remedies available to the Company at law or in equity, the Company shall be entitled to immediate injunctive relief in any court, domestic or foreign, having the capacity to grant such relief, without the necessity of posting a bond, to restrain any such breach or threatened breach and to enforce the provisions of this Section 6. The Executive agrees that there is no adequate remedy at law for any such breach or threatened breach and, if any action or proceeding is brought seeking injunctive relief, the Executive will not use as a defense thereto that there is an adequate remedy at law.

III

7. **Successors and Assigns.** This Agreement will bind and inure to the benefit of and be enforceable by the Executive, the Company, the Executive's and the Company's respective successors and assigns and the Executive's estate, heirs and legal representatives (as applicable). The Company will require any successor to all or substantially all of its business and/or assets, whether direct or indirect, by purchase, merger, consolidation, acquisition of stock, or, by an agreement in form and substance reasonably satisfactory to the Executive, expressly to assume and agree to perform this Agreement in order to inure to



With a copy to the Executive's
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review, preparation and negotiation of this Agreement, any option agreement, restricted stock award, Equity Award and/or any other agreements or plans referenced herein and any documents related thereto and will also pay or reimburse the Executive for any HSR filing fees incurred by him in connection with his receipt of Equity Awards in accordance with this Agreement. Any such reimbursement will be made as soon as practicable following submission of a reimbursement request, but no later than the end of the year following the year during which the underlying expense was incurred.

9.7 **Compliance with Section 409A.** To the extent that the provisions of Section 409A of the Code or any Treasury regulations promulgated thereunder are applicable to any amounts payable hereunder, the parties intend that this Agreement will meet the requirements of such Code section and regulations and that the provisions hereof will be interpreted in a manner that is consistent with such intent. If, however, the Executive is liable for the payment of any tax, penalty or interest pursuant to Section 409A of the Code, or any successor or like provision (the “**409A Tax**”), with respect to any payments or property transfers received or to be received under this Agreement or otherwise, the Company will pay the Executive an amount (the “**Special Reimbursement**”) which, after payment to the Executive (or on the Executive’s behalf) of any federal, state and local taxes, including, without limitation, any further tax, penalty or interest under Section 409A of the Code, with respect to or resulting from the Special Reimbursement, equals the net amount of the 409A Tax. Any payment due to the Executive under this Section will be made to the Executive, or on behalf of the Executive, as soon as practicable after the determination of the amount of such payment, but no sooner than the date on which the Company is required to withhold such amount or the Executive is required to pay such amount to the Internal Revenue Service. Notwithstanding the foregoing, all payments under this Section will be made to the Executive, or on the Executive’s behalf, no later than the end of the year following the year in which the Executive or the Company paid the related taxes, interest or penalties. The Executive will cooperate with the Company in taking such actions as the Company may reasonably request to assure that this Agreement will meet the requirements of Section 409A of the Code and any regulations promulgated thereunder and to limit the amount of any additional payments required by this Section 9.7 to be made to the Executive.

9.8 **Amendment and Waiver.** The provisions of this Agreement may be amended only by a writing signed by the Company and the Executive. No waiver by a party of a breach or default hereunder will be valid unless in a writing signed by the waiving party, and no such waiver will be deemed a waiver of any subsequent breach or default.

9.9 **Withholding.** All payments to the Executive or under this Agreement will be subject to withholding on account of federal, state and local taxes as required by law.

9.10 **Business Days.** If the giving of any notice or the taking of any other action under this Agreement is required to be taken on a day that is not a Business Day, the time for performance of such action shall be extended until the next succeeding Business Day.

9.11 **Survival.** This Agreement will survive a Separation or the expiration of the Employment Period and will remain in full force and effect after such Separation or expiration, but only to the extent that obligations existing as of the date of Separation or expiration have not been fully performed or by their nature would be intended to survive a Separation or expiration,

including that the provisions of Sections 6, 7, 8



IN WITNESS WHEREOF, the parties hereto have executed this Executive Employment Agreement to be effective as of the Effective Date.

LIBERTY INTERACTIVE CORPORATION

By: /s/Richard N. Baer

Name: Richard N. Baer

Title: Senior Vice President and General Counsel

Executed: December 29, 2014

EXECUTIVE:

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/s/Gregory B. Maffei

Gregory B. Maffei

Executed: December 29, 2014

Exhibit A
Current Permitted Activities

A-1

Exhibit B
LIC Term Option Agreement

B-1

Exhibit C
LIC Performance RSU Agreement

C-1

Exhibit D
LIC Performance Option Agreement

D-1

List of Omitted Schedules and Exhibits

The following schedules and exhibits to the Executive Employment Agreement, dated as of December 29, 2014, by and between Liberty Interactive Corporation and Gregory B. Maffei have not been provided herein:

Exhibit A: Current Permitted Activities

Exhibit B: LIC Term Option Agreement

Exhibit C: LIC Performance RSU Agreement

Exhibit D: LIC Performance Option Agreement

The Registrant hereby undertakes to furnish supplementally a copy of any omitted schedules or exhibits to the Securities and Exchange Commission upon request.

IM Experience, Inc. QVC @ theMall
IM Experience, Inc. QVC @ theMall

IM Experience, Inc.

Influence Marketing Corp (dba QVC @ theMall) [Unlimited]

DE

PAJ [Unl.

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QVC Satellite, Ltd	Japan
QVC Shop International, Inc. (f/k/a EZShop International, Inc.)	DE
QVC St. Lucie, Inc.	FL
QVC STT Holdings, LLC	DE
QVC Studio GmbH	Germany
QVC Suffolk, Inc. (fka CVN Distribution Co., Inc.; C.O.M.B. Distribution Co.)	VA
QVC UK Holdings Limited	England- Wales
QVC, Inc.	DE
QVC-QRT, Inc.	DE
RS Marks, Inc.	DE
RS Mebane, Inc.	NC
RS Myrtle Beach, Inc.	SC
Savor North Carolina, Inc.	NC
Send the Trend, Inc.	DE
TOBH, Inc.	DE

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Liberty Interactive Corporation:

We consent to the incorporation by reference in the following registration statements of Liberty Interactive Corporation and subsidiaries (the Company) of our reports dated February 26, 2015, with respect to the consolidated balance sheets of the Company as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2014, and the effectiveness of internal control over financial reporting as of December 31, 2014, which reports appear in the December 31, 2014 annual report on Form 10-K of the Company.



Unaudited Attributed Financial Information for Tracking Stock Groups

Our Liberty Interactive common stock is intended to reflect the separate performance of our QVC Group (formerly referred to as the Interactive Group), which, subsequent to the reattribution, is comprised of our subsidiary, QVC, Inc. ("QVC") and our interest in HSN, Inc. Our Liberty Ventures common stock is intended to reflect the separate performance of our Ventures Group which, subsequent to the reattribution, consists of on-line commerce businesses Backcountry.com, Inc. ("Backcountry"), Bodybuilding.com, LLC ("Bodybuilding"), CommerceHub, Evite, Inc. ("Evite") and LMC Right Start, Inc. ("Right Start") (collectively, the "Digital Commerce" businesses), and our interest in equity method investments of Expedia, Inc., Interval Leisure Group, Inc., FTD Companies, Inc. ("FTD") (included in the Digital Commerce businesses) and LendingTree, Inc. ("LendingTree") and available at a

tracking stocks were issued. The financial information in this Exhibit should be read in conjunction with our consolidated financial statements for the year ended December 31, 2014 included in this Annual Report on Form 10-K.

Notwithstanding the following attribution of assets, liabilities, revenue, expenses and cash flows to the QVC Group and the Ventures Group, our tracking stock structure does not affect the ownership or the respective legal title to our assets or responsibility for our liabilities. We and our subsidiaries are each responsible for our respective liabilities. Holders of Liberty Interactive common stock and Liberty Ventures common stock are holders of our common stock and are subject to risks associated with an investment in our company and all of our businesses, assets and liabilities. The issuance of Liberty Interactive common stock and Liberty Ventures common stock does not affect the rights of our creditors or creditors of our subsidiaries.

SUMMARY ATTRIBUTED FINANCIAL DATA

QVC Group

	December 31, 2014	December 31, 2013
	amounts in millions	
Summary balance sheet data:		
Current assets	\$ 2,783	3,245
Investments in affiliates, accounted for using the equity method	\$ 375	343
Intangible assets not subject to amortization, net	\$ 7,634	8,383
Total assets	\$ 13,012	14,862
Long-term debt	\$ 5,851	5,044
Long-term deferred income tax liabilities	\$ 1,033	1,207
Attributed net assets	\$ 4,280	6,378

	Years ended December 31,		
	2014	2013	2012
	amounts in millions		
Summary operations data:			
Revenue	\$ 10,028	10,219	9,888
Cost of sales	(6,378)	(6,533)	(6,307)
Operating expenses	(854)	(862)	(819)
Selling, general and administrative expenses (1)	(940)	(1,010)	(943)
Depreciation and amortization	(643)	(629)	(591)
Impairment of intangible assets	(7)	(30)	(53)
Operating income (loss)	1,206	1,155	1,175
Interest expense	(312)	(290)	(322)
Share of earnings (losses) of affiliates, net	51	48	28
Realized and unrealized gains (losses) on financial instruments, net	(22)	(12)	51
Gains (losses) on transactions, net	—	(1)	—
Other income (expense), net	(43)	(54)	—
Income tax benefit (expense)	(306)	(346)	(357)
Earnings (loss) from continuing operations	574	500	575
Earnings (loss) from discontinued operations, net of taxes	(15)	(17)	(46)
Net earnings (loss)	559	483	529
Less net earnings (loss) attributable to noncontrolling interests	39	45	63
Net earnings (loss) attributable to Liberty Interactive Corporation shareholders	\$ 520	438	466

(1) Includes stock-based compensation of \$83 million, \$110 million and \$84 million for the years ended December 31, 2014, 2013 and 2012, respectively.

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Intergroup payable (receivable)

The intergroup balance, at December 31, 2014, is primarily a result of timing of tax benefits.

- (7) The Liberty Interactive Stock and the Liberty Ventures Stock have voting and conversion rights under our restated charter. Following is a summary of those rights. Holders of Series A common stock of each group is entitled to one vote per share, and holders of Series B common stock of each group are entitled to ten votes per share. Holders of Series C common stock of each group, if issued, are entitled to 1/100th of a vote per share in certain limited cases and will otherwise not be entitled to vote. In general, holders of Series A and Series B common stock will vote as a single class. In certain limited circumstances, the board may elect to seek the approval of the holders of only Series A and Series B Liberty Interactive Stock or the approval of the holders of only Series A and Series B Liberty Ventures Stock.

At the option of the holder, each share of Series B common stock will be convertible into one share of Series A common stock of the same group. At the discretion of our board, the common stock related to one group may be converted into common stock of the same series that is related to the other group.

Liberty Interactive Corporation
Reconciliation of Liberty Interactive Corporation ("LINT") Net Assets and
Net Earnings to Liberty Interactive LLC ("LINT LLC") Net Assets and Net Earnings

December 31, 2014

(unaudited)

amounts in millions

Liberty Interactive Corporation Net Assets	\$	5,780
Reconciling items:		
LINT put option obligations		—
LINT LLC Net Assets	\$	<u>5,780</u>
Liberty Interactive Corporation Net Earnings	\$	626
Reconciling items:		
General and administrative expenses		1
Liberty Interactive LLC Net Earnings	\$	<u>627</u>
