UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-33982

QURATE RETAIL, INC.
(Exact name of Registrant as specified in its charter)

State of Delaware (State or other jurisdiction of incorporation or organization)	**84-1288730** (I.R.S. Employer Identification No.)
12300 Liberty Boulevard **Englewood, Colorado** (Address of principal executive offices)	**80112** (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Series A Common Stock, par value $.01 per share	QRTEA	The Nasdaq Stock Market LLC
Series B Common Stock, par value $.01 per share	QRTEB	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by nonaffiliates of Qurate Retail, Inc. computed by reference to the last sales price of Qurate Retail, Inc. common stock, as of the closing of trading on June 28, 2019, was approximately $4.8 billion.

The number of outstanding shares of Qurate Retail, Inc.'s common stock as of January 31, 2020 was:

Series A common stock	386,702,662
Series B common stock	29,278,424

Documents Incorporated by Reference

The Registrant's definitive proxy statement for its 2020 Annual Meeting of Stockholders is hereby incorporated by reference into Part III of this Annual Report on Form 10-K

QURATE RETAIL, INC.
2019 ANNUAL REPORT ON FORM 10-K

Table of Contents

Item 1. Business.

General Development of Business

Qurate Retail, Inc. ("Qurate Retail", the "Company", "we", "us" and "our"), formerly known as Liberty Interactive Corporation prior to the Transactions (defined and described below), owns interests in subsidiaries and other companies which are primarily engaged in the video and online commerce industries. Through our subsidiaries and affiliates, we operate in North America, Europe and Asia. Our principal businesses and assets include our consolidated subsidiaries QVC, Inc. ("QVC"), which includes HSN, Inc. ("HSN") following the transfer of ownership of HSN to QVC (described below), Cornerstone Brands, Inc. (former subsidiary of HSN prior to the transfer of ownership of HSN to QVC), Zulily, LLC ("Zulily") and other cost and equity method investments.

On September 23, 2011, Qurate Retail completed the split-off (the "LMC Split-Off") of a wholly owned subsidiary, Liberty Media Corporation ("LMC"). Following the LMC Split-Off, Qurate Retail and LMC operate as separately publicly traded companies and neither has any stock ownership, beneficial or otherwise, in the other.

Qurate Retail and LMC entered into certain agreements in order to govern certain of the ongoing relationships between the two companies. These agreements include a reorganization agreement, a services agreement (the "Services Agreement"), a facilities sharing agreement (the "Facilities Sharing Agreement") and a tax sharing agreement. Pursuant to the Services Agreement, LMC provides Qurate Retail with general and administrative services including legal, tax, accounting, treasury and investor relations support. See below for a description of an amendment to the services agreement entered into in December 2019. Qurate Retail reimburses LMC for direct, out-of-pocket expenses incurred by LMC in providing these services and for Qurate Retail's allocable portion of costs associated with any shared services or personnel based on an estimated percentage of time spent providing services to Qurate Retail. Under the Facilities Sharing Agreement, Qurate Retail shares office space with LMC and related amenities at LMC's corporate headquarters.

In December 2019, the Company entered into an amendment to the Services Agreement with LMC in connection with LMC's entry into a new employment arrangement with Gregory B. Maffei, the Company's Chairman of the Board (the "Chairman"). Under the amended Services Agreement, components of his compensation will either be paid directly to him by each of the Company, Liberty TripAdvisor Holdings, Inc. ("TripAdvisor Holdings"), GCI Liberty, Inc. ("GCI Liberty"), and Liberty Broadband Corporation ("Liberty Broadband") (collectively, the "Service Companies") or reimbursed to LMC, in each case, based on allocations among LMC and the Service Companies set forth in the amended Services Agreement, currently set at 19% for the Company. The new agreement provides for a five year employment term which began on January 1, 2020 and ends December 31, 2024, with an aggregate annual base salary of $3 million (with no contracted increase), an aggregate one-time cash commitment bonus of $5 million, an aggregate annual target cash performance bonus of $17 million, aggregate annual equity awards of $17.5 million and aggregate equity awards granted in connection with his entry into his new agreement of $90 million (the "upfront awards"). A portion of the grants made to our Chairman in the year ended December 31, 2019 related to our Company's allocable portion of these upfront awards.

On August 9, 2012, Qurate Retail completed the approved recapitalization of its common stock through the creation of the Liberty Interactive common stock and Liberty Ventures common stock as tracking stocks. Effective June 4, 2015, the name of the "Liberty Interactive common stock" was changed to the "QVC Group common stock."

A tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. Prior to the Transactions, Qurate Retail had two tracking stocks, QVC Group common stock and Liberty Ventures common stock, which were intended to track and reflect the economic performance of Qurate Retail's QVC Group and Ventures Group, respectively. While the QVC Group and the Ventures Group had separate collections of businesses, assets and liabilities attributed to them, no group was a separate legal entity and therefore no group could own assets, issue securities or enter into legally binding agreements. Holders of tracking stock had no direct claim to the group's stock or assets and were not represented by separate boards of directors. Instead, holders of tracking stock were stockholders of the parent corporation, with a single board of directors and subject to all of the risks and liabilities of the parent corporation.

On October 1, 2015, Qurate Retail acquired zulily, inc. (now known as Zulily, LLC) for consideration of approximately $2.3 billion, comprised of $9.375 of cash and 0.3098 newly issued shares of Series A QVC Group common stock for each Zulily share, with cash paid in lieu of any fractional shares. Zulily is an online retailer offering customers a fun and entertaining shopping experience with a fresh selection of new product styles launched every day.

On May 18, 2016, Qurate Retail completed a $2.4 billion investment in Liberty Broadband in connection with the merger of Charter Communications, Inc. and Time Warner Cable Inc. ("TWC"). The proceeds of this investment were used by Liberty Broadband to fund, in part, its acquisition of $5 billion of stock in the new public parent company ("Charter") of the combined enterprises. Qurate Retail, along with third party investors, all of whom invested on the same terms as Qurate Retail, purchased newly issued shares of Liberty Broadband Series C common stock at a per share price of $56.23, which was determined based upon the fair value of Liberty Broadband's net assets on a sum-of-the-parts basis at the time the investment agreements were executed. Qurate Retail's investment in Liberty Broadband was funded using cash on hand and was attributed to the Ventures Group prior to the Transactions.

Qurate Retail also exchanged, in a tax-free transaction, its shares of TWC common stock for shares of Charter Class A common stock, on a one-for-one basis, and Qurate Retail granted to Liberty Broadband a proxy and a right of first refusal with respect to the shares of Charter Class A common stock held by Qurate Retail following the exchange, which proxy and right of first refusal was assigned to GCI Liberty in connection with the Transactions.

On July 22, 2016, Qurate Retail completed the spin-off (the "CommerceHub Spin-Off") of its former wholly-owned subsidiary CommerceHub, Inc. ("CommerceHub") to holders of its Liberty Ventures common stock. The CommerceHub Spin-Off was accomplished by the distribution by Qurate Retail of a dividend of (i) 0.1 of a share of CommerceHub's Series A common stock for each outstanding share of Qurate Retail's Series A Liberty Ventures common stock as of 5:00 p.m., New York City time, on July 8, 2016 (such date and time, the "Record Date"), (ii) 0.1 of a share of CommerceHub's Series B common stock for each outstanding share of Qurate Retail's Series B Liberty Ventures common stock as of the Record Date and (iii) 0.2 of a share of CommerceHub's Series C common stock for each outstanding share of Series A and Series B Liberty Ventures common stock as of the Record Date, in each case, with cash paid in lieu of fractional shares. This transaction has been recorded at historical cost due to the pro rata nature of the distribution. The Internal Revenue Service ("IRS") completed its review of the CommerceHub Spin-Off and notified Qurate Retail that it agreed with the nontaxable characterization of the CommerceHub Spin-Off. CommerceHub is included in Qurate Retail's Corporate and other segment through July 22, 2016 and is not presented as a discontinued operation as the CommerceHub Spin-Off did not have a major effect on Qurate Retail's operations and financial results.

On November 4, 2016, Qurate Retail completed the split-off (the "Expedia Holdings Split-Off") of its former wholly-owned subsidiary Liberty Expedia Holdings, Inc. ("Expedia Holdings") to holders of its Liberty Ventures common stock. At the time of the Expedia Holdings Split-Off, Expedia Holdings was comprised of, among other things, Qurate Retail's former interest in Expedia Group, Inc., formerly known as Expedia, Inc. ("Expedia") and Qurate Retail's former wholly-owned subsidiary Bodybuilding.com, LLC ("Bodybuilding"). On November 2, 2016, Expedia Holdings borrowed $350 million under a new margin loan and distributed $299 million, net of certain debt related costs, to Qurate Retail on November 4, 2016. The Expedia Holdings Split-Off was accomplished by the redemption of (i) 0.4 of each outstanding share of Qurate Retail's Series A Liberty Ventures common stock for 0.4 of a share of Expedia Holdings Series A common stock at 5:00 p.m., New York City time, on November 4, 2016 (such date and time, the "Redemption Date") and (ii) 0.4 of each outstanding share of Qurate Retail's Series B Liberty Ventures common stock for 0.4 of a share of Expedia Holdings Series B common stock on the Redemption Date, in each case, with cash paid in lieu of any fractional shares of Liberty Ventures common stock or Expedia Holdings common stock (after taking into account all of the shares owned of record by each holder thereof, as applicable). The IRS completed its review of the Expedia Holdings Split-Off and informed Qurate Retail that it agreed with the nontaxable characterization of the Expedia Holdings Split-Off.

Qurate Retail viewed Expedia and Bodybuilding as separate components and evaluated them separately for discontinued operations presentation. Based on a quantitative analysis, the split-off of Qurate Retail's interest in Expedia had a major effect on Qurate Retail's operations, primarily due to one-time gains on transactions recognized by Expedia during 2015. Accordingly, Qurate Retail's interest in Expedia is presented as a discontinued operation. The disposition of Bodybuilding as part of the Expedia Holdings Split-Off did not have a major effect on Qurate Retail's historical results nor is it expected to have a major effect on Qurate Retail's future operations. Accordingly, Bodybuilding is not presented as a discontinued operation.

On December 29, 2017, Qurate Retail acquired the approximate remaining 62% of HSN it did not already own in an all-stock transaction, making HSN its wholly-owned subsidiary, attributed to the QVC Group. On December 31, 2018, Qurate Retail transferred our 100% ownership interest in HSN to QVC, Inc. through a transaction among entities under common control. References throughout this annual report to "QVC" refer to QVC, Inc., which includes HSN, QVC U.S. and QVC International. Cornerstone remains a subsidiary of Qurate Retail.

On March 9, 2018, Qurate Retail completed the transactions contemplated by the Agreement and Plan of Reorganization (as amended, the "Reorganization Agreement," and the transactions contemplated thereby, the "Transactions") among General Communication, Inc. ("GCI"), an Alaska corporation, and Liberty Interactive LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Qurate Retail ("LI LLC"). Pursuant to the Reorganization Agreement, GCI amended and restated its articles of incorporation (which resulted in GCI being renamed GCI Liberty and effected a reclassification and auto conversion of its common stock. After market close on March 8, 2018, Qurate Retail's board of directors approved the reattribution of certain assets and liabilities from Qurate Retail's Ventures Group to its QVC Group, which was effective immediately. The reattributed assets and liabilities included cash, Qurate Retail's interest in ILG, Inc., certain green energy investments, LI LLC's exchangeable debentures, and certain tax benefits.

Following these events, Qurate Retail acquired GCI Liberty through a reorganization in which certain Qurate Retail interests, assets and liabilities attributed to the Ventures Group were contributed (the "contribution") to GCI Liberty in exchange for a controlling interest in GCI Liberty. Qurate Retail and LI LLC contributed to GCI Liberty their entire equity interest in Liberty Broadband, Charter, and LendingTree, the Evite, Inc. ("Evite") operating business and other assets and liabilities attributed to Qurate Retail's Venture Group (following the reattribution), in exchange for (a) the issuance to LI LLC of a number of shares of GCI Liberty Class A Common Stock and a number of shares of GCI Liberty Class B Common Stock equal to the number of outstanding shares of Series A Liberty Ventures common stock and Series B Liberty Ventures common stock on March 9, 2018, respectively, (b) cash and (c) the assumption of certain liabilities by GCI Liberty.

Following the contribution, Qurate Retail effected a tax-free separation of its controlling interest in the combined company (the "GCI Liberty Split-Off"), GCI Liberty, to the holders of Liberty Ventures common stock in full redemption of all outstanding shares of such stock, in which each outstanding share of Series A Liberty Ventures common stock was redeemed for one share of GCI Liberty Class A common stock and each outstanding share of Series B Liberty Ventures common stock was redeemed for one share of GCI Liberty Class B common stock. Simultaneous with the closing of the Transactions, QVC Group common stock became the only outstanding common stock of Qurate Retail, and thus QVC Group common stock ceased to function as a tracking stock. On April 9, 2018, Liberty Interactive Corporation was renamed Qurate Retail, Inc. On May 23, 2018, Qurate Retail amended its charter to eliminate the tracking stock capitalization structure and reclassify each share of QVC Group common stock into one share of the corresponding series of new common stock of Qurate Retail. Throughout this annual report we refer to our Series A and Series B common stock as "Qurate Retail common stock" and "QVC Group common stock." In July 2018, the IRS completed its review of the GCI Liberty Split-Off and informed Qurate Retail that it agreed with the nontaxable characterization of the transactions. Qurate Retail received an Issue Resolution Agreement from the IRS documenting this conclusion.

Qurate Retail viewed LendingTree, Evite and Liberty Broadband as separate components and evaluated them separately for discontinued operations presentation. Based on a quantitative analysis, the split-off of Qurate Retail's interest in Liberty Broadband had a major effect on Qurate Retail's operations. Accordingly, Qurate Retail's interest in Liberty Broadband is presented as a discontinued operation. The disposition of Evite and LendingTree as part of the GCI Liberty Split-Off did not have a major effect on Qurate Retail's historical results nor is it expected to have a major effect on Qurate Retail's future operations. Accordingly, Evite and LendingTree are not presented as discontinued operations.

* * * * *

Certain statements in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding business, product and marketing strategies; QRG Initiatives (as defined below); remediation of a material weakness; new service offerings; revenue growth at QVC; synergies; the recoverability of goodwill and other intangible assets; projected sources and uses of cash; repayment of debt; fluctuations in interest rates and foreign currency exchange rates; and the anticipated impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. In particular, statements under Item 1. "Business," Item 1A. "Risk-Factors," Item 2. "Properties," Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" contain forward-looking statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- customer demand for our products and services and our ability to anticipate and to adapt to changes in demand;
- competitor responses to our products and services;
- increased digital TV penetration and the impact on channel positioning of our programs;
- the levels of online traffic to our businesses' websites and our ability to convert visitors into consumers or contributors;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our future financial performance, including availability, terms and deployment of capital;
- our ability to successfully integrate and recognize anticipated efficiencies and benefits from the businesses we acquire;
- the cost and ability of shipping companies, suppliers and vendors to deliver products, equipment, software and services;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission ("FCC"), and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners, distributors, suppliers and vendors;
- domestic and international economic and business conditions and industry trends;
- changes in tariffs, trade policy and trade relations and the United Kingdom's ("U.K.") exit from the European Union ("Brexit");
- consumer spending levels, including the availability and amount of individual consumer debt;
- advertising spending levels;
- changes in distribution and viewing of television programming, including the expanded deployment of personal video recorders, video on demand, streaming and Internet protocol ("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 companies in which we have controlling and non-controlling interests that file reports and other information with the Securities and Exchange Commission ("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.

Narrative Description of Business

The following table identifies our subsidiaries:

Consolidated Subsidiaries
QVC, Inc.
Zulily, LLC
Cornerstone Brands, Inc.

QVC

On December 29, 2017, Qurate Retail completed the acquisition of the remaining 62% ownership interest of HSN in an all-stock transaction. On December 31, 2018, Qurate Retail transferred our 100% ownership interest in HSN to QVC, Inc. through a transaction among entities under common control. References throughout this Annual Report to "QVC" refer to QVC, Inc., which includes HSN, QVC U.S. and QVC International. On October 17, 2018, Qurate Retail announced a series of initiatives designed to better position its HSN and QVC U.S. businesses (the "QRG Initiatives"). As a result of changes in internal reporting from the QRG Initiatives, during the first quarter of 2019 the Company changed its reportable segments to combine HSN and QVC U.S. into one reportable segment called "QxH."

QVC curates and sells a wide variety of consumer products via highly engaging, video-rich, interactive shopping experiences distributed to approximately 216 million worldwide households each day, through its broadcast networks. QVC also reaches audiences through its websites (including QVC.com, HSN.com and others), its applications via streaming video (Facebook Live, Roku, Apple TV, and Amazon Fire), its mobile applications, its social pages and over-the-air broadcasters. QVC believes it is a global leader in video retailing, e-commerce, mobile commerce and social commerce, with operations based in the U.S., Germany, Japan, the U.K. and Italy. QVC's operating strategies are to (i) Curate special products at compelling values; (ii) Extend video reach and relevance; (iii) Reimagine daily digital discovery; (iv) Expand and engage its passionate community; and (v) Deliver joyful customer service. In addition, QVC is exploring opportunities to evolve the International operating model to pursue growth opportunities in a more leveraged way across markets. For the year ended December 31, 2019, approximately 93% of its worldwide shipped sales were from repeat and reactivated customers (i.e., customers who made a purchase from QVC during the prior twelve months and customers who previously made a purchase from QVC but not during the prior twelve months). In the same period, QVC attracted approximately 4.3 million new customers and the global e-commerce operation comprised $5.8 billion, or 53%, of its consolidated net revenue for the year ended December 31, 2019.

In the U.S., QVC distributes its programming live 20 hours per day, 364 days per year. The QVC and HSN brands present on average 710 products and 580 products, respectively, every week. Internationally, QVC distributes live programming 8 to 24 hours per day, depending on the market. QVC operates fifteen distribution centers and eight call centers worldwide. In 2019, QVC's work force consisted of approximately 20,400 employees who handled approximately 120 million customer calls, shipped approximately 233 million units globally and served approximately 15.2 million unique customers. QVC believes its long-term relationships with major U.S. television distributors, including cable operators (e.g., Comcast, Charter and Cox), satellite television providers (e.g., DISH Network and DIRECTV) and telecommunications companies (e.g., Verizon and AT&T), provide it with broad distribution, favorable channel positioning and significant competitive advantages. QVC believes that its significant market share, brand awareness, outstanding customer service, repeat customer base, flexible payment options, international reach and scalable infrastructure distinguishes QVC from its competitors.

QxH

QxH's live programming is distributed nationally, 20 hours per day, 364 days per year, to approximately 92 million television households and distributes its programming to approximately 99% of households subscribing to services offered by television distributors. QxH's televised shopping programs, including live and recorded content, are broadcast across multiple channels nationally on a full time basis, including the main QVC and HSN channels as well as the additional channels of QVC2, QVC3, and HSN2. These additional channels offer viewers access to a broader range of QxH programming options as well as more relevant programming for viewers in different time zones. During the first quarter of 2019, QxH transitioned its Beauty iQ broadcast channel to QVC 3 and Beauty iQ content was moved to a digital only platform. QxH also has over-the-air broadcasting in designated U.S. markets that can be accessed by any household with a digital antenna in such markets, regardless of whether it subscribes to a paid television service. This allows QxH to reach customers who previously did not have access to the program through other television platforms.

QxH's programming is also available through QVC.com and HSN.com (collectively, QVC's “Websites”), as well as applications via streaming video (Facebook Live, Roku, Apple TV, and Amazon Fire), mobile applications, social pages and over-the-air broadcasters (collectively, QVC's “Digital Platforms”). QxH's Digital Platforms enable consumers to purchase goods offered on its broadcast programming along with a wide assortment of products that are available only on its Websites. QxH's Websites and other Digital Platforms are natural extensions of its business model, allowing customers to engage in its shopping experience wherever they are, with live or on-demand content customized to the device they are using. In addition, its Websites and mobile applications allow shoppers to browse, research, compare and perform targeted searches for products, read customer reviews, control the order-entry process and conveniently access their account. For the year ended December 31, 2019, approximately 80% of new QxH customers made their first purchase through QxH's Digital Platforms. QxH, including its Digital Platforms, contributed $8.3 billion, or 75%, of consolidated QVC net revenue, $1,120 million of operating income and $1,536 million of Adjusted OIBDA (defined below) for the year ended December 31, 2019. QxH's Digital Platform usage as a percentage of total QxH net revenue has increased from 53.3% in 2017 to 56.9% in 2019.

QVC International

QVC International brings the QVC shopping experience to approximately 124 million households outside the U.S., primarily in Germany, Austria, Japan, the U.K., the Republic of Ireland and Italy. Similar to the U.S. business QVC's international business engages customers via multiple platforms, including broadcast networks, websites, mobile applications and social pages. QVC International product sourcing teams select products tailored to the interests of each local market. For the year ended December 31, 2019, QVC International, including its Digital Platforms generated $2.7 billion, or 25%, of consolidated QVC net revenue, $354 million of operating income and $446 million of Adjusted OIBDA (defined in Part II, Item 7 of this report) and QVC International's Digital Platform usage generated $1,114 million, or 41.2%, of its total international net revenue.

Merchandise

QVC's global merchandise mix features: (i) home, (ii) apparel, (iii) beauty, (iv) accessories, (v) electronics and (vi) jewelry. Many of its brands are exclusive, while others are created by well-known designers. QVC's global sales mix is provided in the table below:

	Years ended December 31,		
Product category	**2019**	**2018**	**2017 (1)**
Home	37%	38%	34%
Beauty	18%	18%	17%
Apparel	16%	16%	19%
Accessories	12%	11%	13%
Electronics	11%	11%	9%
Jewelry	6%	6%	8%
Total	100%	100%	100%

(1) For the year ended December 31, 2017 in the table above, the sales mix does not include HSN.

Unlike traditional brick-and-mortar retailers with inventories across a network of stores, QVC is able to quickly adapt its offerings in direct response to changes in its customers purchasing patterns. QVC utilizes a test and re-order model to determine initial customer demand. Through constant monitoring, QVC manages its product offerings to maximize net revenue and fulfill current demand in large growth segments where it can gain a greater share of its customers' purchases. QVC's merchandising team is dedicated to continually researching, pursuing and launching new products and brands. With a mandate to deliver hard-to-find value, its merchants find and curate collections of high quality goods from manufacturers with the scale to offer sufficient supply to QVC's existing and future customers. QVC maintains strong relationships with its vendors, which are attracted by the showcasing and story-telling elements of its programming, and the volume of sales during featured presentations.

QVC purchases, or obtains on consignment, products from U.S. and foreign manufacturers and wholesalers, often on favorable terms based upon the volume of the transactions. QVC has attracted some of the world's most respected consumer brands as well as celebrities, entrepreneurs and designers to promote these brands. Brand leaders such as Dell, Dooney & Bourke, Dyson, Judith Ripka and Philosophy reach a broad audience while product representatives share the stories behind these brands. QVC has agreements with celebrities, entrepreneurs and designers such as Isaac Mizrahi, Rachael Ray and Martha Stewart enabling it to provide entertaining and engaging programming that develops a lifestyle bond with its customers. These celebrity personalities and product representatives often provide pre-appearance publicity for their QVC products on their own social pages and broadcast shows, enhancing demand during their QVC appearances. QVC presents and promotes across its networks, websites, mobile applications and social platforms, allowing shoppers to engage with QVC on multiple platforms and devices.

QVC does not depend on any single supplier or designer for a significant portion of its inventory purchases.

Video Distribution

QVC distributes its programming via satellite and optical fiber, to cable television and/or direct-to-home satellite system operators for retransmission to their subscribers in the U.S., Germany, Japan, the U.K., Italy and neighboring countries. QVC also transmits its programming over digital terrestrial broadcast television to viewers throughout Italy, Germany, and the U.K. and to viewers in certain geographic regions in the U.S. In the U.S., QVC uplinks its digital programming transmissions using a third-party service, or internal resources. The transmissions are uplinked to protected, non-preemptible transponders on U.S. satellites. "Protected" status means that, in the event of a transponder failure, the signal will be transferred to a spare transponder or, if none is available, to a preemptible transponder located on the same satellite or, in certain cases, to a transponder on another satellite owned by the same service provider if one is available at the time of the failure. "Non-preemptible" status means that, in the event of a transponder failure, QVC's transponders cannot be preempted in favor of a user of a failed transponder, even another user with "protected status." The international business units each obtain uplinking services from third parties and transmit their programming to non-preemptible transponders on international satellites and terrestrial transmitters. The transponder service agreements for the U.S. transponders expire at the earlier of the end of the lives of the satellites or the service agreements. The service agreements for QxH expire between 2020 and 2025. The service agreements for QVC International transponders and terrestrial transmitters expire between 2020 and 2029.

QVC continually seeks to expand and enhance its broadcast and e-commerce platforms, as well as to further its international operations and multimedia capabilities. QVC offers native high definition ("HD") programming in addition to standard definition programming, which provides additional channel locations and allows QVC to utilize a typically wider screen with crisper and more colorful images to present a larger "storefront," which QVC believes captures the attention of channel "surfers" and engages its customers. In the U.S., QVC's HD programming reaches approximately 80 million households. QVC continues to develop and launch features to further enrich the viewing experience.

Affiliation Agreements

QVC enters into long-term affiliation agreements with certain of its television distributors who downlink its programming and distribute the programming to customers. QVC's affiliation agreements with distributors have termination dates ranging from 2020 to 2024. QVC's ability to continue to sell products to its customers is dependent on its ability to maintain and renew these affiliation agreements in the future. Although QVC is typically successful in obtaining and renewing these agreements, it does not have distribution agreements with some of the distributors that carry its programming. QVC is currently providing programming without affiliation agreements to distributors representing approximately 5.8% of its QVC channel distribution in the U.S. and 1.1% of its HSN channel distribution. Some of its international programming may continue to be carried by distributors after the expiration dates on its affiliation agreements with such distributors have passed.

In return for carrying QVC's signals, each programming distributor for its U.S. distribution receives an allocated portion, based upon market share, of up to 5% of the net sales of merchandise sold via the television programs and from certain Internet sales to customers located in the programming distributor's service areas. In some cases, pay television operators receive additional compensation in the form of commission guarantees in exchange for their commitments to deliver a specified number of subscribers, channel placement incentives and advertising insertion time. QVC International programming distributors predominantly receive an agreed-upon annual fee, a monthly or yearly fee per subscriber regardless of the net sales, a variable percentage of net sales or some combination of the above arrangements.

In addition to sales-based commissions or per-subscriber fees, QVC also makes payments to distributors primarily in the U.S. for carriage and to secure channel positioning within a broadcast area or within the general entertainment area on the distributor's channel line-up. QVC believes that a portion of its sales are attributable to purchases resulting from channel "surfing" and that a channel position near broadcast networks and more popular cable networks increases the likelihood of such purchases. As technology evolves, QVC will continue to monitor optimal channel placement and attempt to negotiate agreements with its distributors to maximize the viewership of its television programming.

Demographics of customers

QVC enjoys a very loyal customer base, as demonstrated by the fact that for the twelve months ended December 31, 2019, approximately 86% of its shipped sales came from repeat customers (i.e., customers who made a purchase from QVC during the prior twelve months), who spent an average of $1,281 each during this period. An additional 7% of shipped sales in that period came from reactivated customers (i.e., customers who previously made a purchase from QVC, but not during the prior twelve months).

QVC had slight decline in customer count during 2019. On a trailing twelve month basis, total consolidated customers were approximately 15.2 million which includes 10.6 million QxH customers and 4.6 million QVC International customers. QVC believes its core customer base represents an attractive demographic target market. Based on internal customer data for QxH, approximately 44% of its 10.6 million customers for the twelve months ended December 31, 2019 were women between the ages of 35 and 64.

QVC does not depend on any single customer for a significant portion of its revenue.

Ordering and fulfillment

QVC takes a majority of its orders via its websites and via mobile applications on iPhone, iPad, Apple Watch, Android and other devices. QxH and QVC International customers placed approximately 39% and 32%, respectively, of all orders directly through their mobile devices in 2019.

QVC has three customer contact centers in the US and five international customer contact centers that can direct calls, e-mail contacts and social contacts from one center to the other as volume mandates. Many markets also utilize home agents to handle calls, allowing staffing flexibility for peak hours. In addition, QVC utilizes computerized interactive voice response order systems for telephonic orders, which handle approximately 28% of all orders taken on a worldwide basis. QxH has eleven distribution centers and QVC International has four distribution centers. QVC's distribution centers and drop ship partners shipped, on average, 454,000 units per day at QxH and 183,000 units per day at QVC International during 2019. Refer to Item 2. "Properties" for further details.

QVC has built a scalable operating infrastructure focused on sustaining efficient, flexible and cost-effective sale and distribution of its products. Since its physical store locations are minimal, QVC requires lower inventory levels and capital expenditures compared to traditional brick-and-mortar retailers. In recent years, QVC has made and continues to make significant investments in its distribution centers that it believes will accommodate its foreseeable growth needs. Further, since QVC has no set "floor plan" and can closely manage inventory levels at its centralized warehouses, QVC believes it has the flexibility to analyze and react quickly to changing trends and demand by shifting programming time and product mix. QVC's cost structure is highly variable, which QVC believes allows it to consistently achieve attractive margins relative to brick-and-mortar retailers.

Third party carriers transport QVC's packages from its distribution centers to its customers. In each market where QVC operates, it has negotiated long-term contracts with shipping companies, which in certain circumstances provides for favorable shipping rates.

Competition

QVC operates in a rapidly evolving and highly competitive retail business environment. QVC has numerous and varied competitors at the national and local levels, ranging from large department stores to specialty shops, e-commerce retailers, direct marketing retailers, wholesale clubs, discount retailers, infomercial retailers, and mail-order and catalog companies. Some of QVC's competitors, such as Amazon and Walmart, have a significantly greater web-presence. QVC believes that the principal competitive factors for its web-commerce operations are high-quality products, brand recognition, selection, value, convenience, price, website performance, customer service and accuracy of order shipment.

QVC believes that QxH is a leader in video shopping, e-commerce, mobile commerce and social commerce by curating quality products at outstanding values, providing exceptional customer service, establishing favorable channel positioning and multiple touchpoints across digital platforms and generating repeat business from its core customer base and that it also compares favorably in terms of sales to general, non-video based retailers due to its extensive customer reach and efficient cost structure. QxH's closest video shopping competitor is ShopHQ (formerly referred to as Evine) and QVC International operations face similar competition in their respective markets, such as Jupiter Shop Channel in Japan, HSE 24 in Germany, Austria, and Italy, and Ideal World in the U.K.

QVC also competes for access to customers and audience share with other providers of broadcast, digital and hard copy entertainment and content. The price and availability of other programming and the conversion to digital programming platforms may unfavorably affect the placement of its programming in the channel line-ups of its distributors, and may affect its ability to obtain distribution agreements with small cable distributors. Competition from other programming also affects the compensation that must be paid to distributors for carriage. Principal competitive factors for QVC include (i) value, quality and selection of merchandise; (ii) customer experience, including customer service and speed, cost and reliability of fulfillment and delivery services; and (iii) convenience and accessibility of sales channels.

Intellectual Property

QVC regards its tradenames, service marks, patents, copyrights, domain names, trade dress, trade secrets, proprietary technologies and similar intellectual property as critical to its success. QVC relies on a combination of tradename, patent and copyright law, trade-secret protection, and confidentiality and/or license agreements with its employees, customers, suppliers, affiliates and others to protect these proprietary rights. QVC has registered, or applied for the registration of, a number of tradenames, service marks, patents, copyrights and domain names through U.S. and foreign governmental authorities and vigorously protects its proprietary rights against infringement.

Domestically, QVC has registered tradenames and service marks including, but not limited to its brand names and logo, "QVC," "Quality Value Convenience," "Find What You Love, Love What You Find," the "Q Logo," and "Q" and tradenames for its proprietary products sold such as "Arte D'Oro," "Cook's Essentials," "Denim & Co.," "Diamonique," “Nature’s Code,” "Northern Nights" and "Ultrafine Silver." Similarly, foreign registrations have been obtained for many tradenames and service marks for its brand names, logo and propriety products including, but not limited to, "QVC," the "Q Logo," "Q," "Cook’s Essentials," "Denim & Co.," "Diamonique" and "Northern Nights."

HSN has numerous tradename registrations or pending applications in the United States which help to expand HSN’s brand awareness. These registrations and applications include the “HSN” brand name and the “HSN logo” as well as registrations for HSN’s proprietary products and services, including, but not limited to, “HSN Shop By Remote,” “Technibond,” and “Concierge Collection.”

QVC considers the "QVC" and “HSN” names the most significant tradenames and service marks it holds because of their impact on market awareness across all of its geographic markets and on customers' identification with QVC. As with all domestic tradenames or service marks, QVC's tradename and service mark registrations in the U.S. are for a ten year period and are renewable every ten years, prior to their respective expirations, as long as the tradenames or service marks are used in the regular course of trade.

Seasonality

QVC's business is seasonal due to a higher volume of sales in the fourth calendar quarter related to year-end holiday shopping. In recent years, QVC has earned, on average, between 22% and 23% of its global revenue in each of the first three quarters of the year and 32% of its global revenue in the fourth quarter of the year.

Zulily

On October 1, 2015, we acquired 100% of Zulily. Zulily is an online retailer offering customers a fun and entertaining shopping experience with a fresh selection of new product styles every day. The Zulily website was launched in January 2010 with the goal of revolutionizing the way consumers shop. Through its app, mobile and desktop experiences, Zulily helps its customers discover new and unique products at great values that they would likely not find elsewhere. Zulily’s merchandise includes women’s, children’s and men’s apparel and other products such as home, accessories and beauty products. Zulily sources its merchandise from thousands of vendors, including emerging brands and smaller boutique vendors, as well as larger national brands. By bringing together millions of customers and a daily selection of products chosen from its broad vendor base, Zulily has built a large scale and uniquely curated shopping destination.

Every morning, Zulily launches a variety of flash sales events. These events feature thousands of product styles from different vendors and typically last for 72 hours. Product offerings are typically only available for a limited time and in a limited quantity, creating urgency to browse, discover and purchase.

Before Zulily launches an event, Zulily obtains photographs of the merchandise and its editorial team writes about the merchandise based on the product details provided by the vendor. Zulily strives to offer the lowest price points for its customers, with the average item offered for a significant discount off the manufacturer’s suggested or comparison retail price. Zulily then uses its proprietary technology, data analytics and personalization tools to segment its audience, offering each customer a curated and optimized shopping experience that features brands, products and events that it believes are most relevant for that customer.

Zulily acquires new customers through a diverse set of paid and unpaid marketing channels, including affiliate channels and partners, customer referrals, direct navigation, display advertising, key word search campaigns, search engine optimization, social media and television ads. Core to its business model is that Zulily acquires customers via paid and unpaid sources, and then drives engagement and repeat purchases from those customers over a long period of time through diversified marketing channels.

Continual innovation through investment in technology is core to Zulily's business. Zulily uses its technology platform to improve the experience of its customers and vendors, increase the purchase frequency and average order size and optimize the efficiency of its business operations. Zulily's technology team is focused on rapid innovation through advanced agile software development processes. Investment in machine learning and data science helps place the right product in front of the right customer at the right time. Zulily's scalable platform uses custom-built and third-party technologies to support its specific customer and vendor requirements, including handling significant spikes in site traffic and transactions on a daily basis, and the rapid and complex order supply chain needs that are unique to Zulily's flash sales and minimal inventory model. Zulily believes it can quickly scale its infrastructure to accommodate significantly higher volumes of site traffic, customers, orders and the overall growth in its business.

To best serve its customers and vendors, Zulily has a custom, fully integrated fulfillment infrastructure consisting of receiving, sorting, inventory management and repackaging systems which are driven by proprietary fulfillment management software. Zulily's supply chain solution efficiently handles the small-to-medium lot sizes and high inventory turnover required by constantly changing, limited-time product offerings. Zulily operates a minimal inventory, intermediary model where it typically takes customer orders before purchasing inventory from vendors. As a result, Zulily is able to offer a much larger selection of products to customers and to generate greater sales for vendors, who are able to match a broader range of their product supply to actual customer demand. In addition, Zulily also offers third party fulfillment services to its vendors. This program allows vendors to store their inventory in Zulily's warehouses and fulfill orders for Zulily's events or other retail channels and has helped reduce shipping times to Zulily customers.

Zulily views its target market broadly and competes with any retailer where its customers shop. It faces significant competition from both online and offline retailers, competing on: product curation and selection, personalization, price, convenience, ease of use, consumer experience, vendor satisfaction and shipping time and cost.

Zulily relies on laws and regulations, contractual restrictions, copyrights, and tradenames to protect its intellectual property and proprietary rights. Zulily's employees and contractors also typically enter into agreements to assign to Zulily the inventions and content they produce in performing their jobs. Zulily controls access to confidential information by entering into confidentiality agreements with its employees, contractors and third parties, such as vendors, service providers, individuals and entities that may be exploring a business relationship with Zulily. Despite the protection of general intellectual property law and its contractual restrictions, it may be possible for a third party to copy or otherwise obtain and use Zulily's intellectual property without Zulily's authorization.

Zulily has registered numerous Internet domain names related to its business. In addition, Zulily pursues the registration of its tradenames in the U.S. and certain other locations outside of the U.S.; however, effective intellectual property protection or enforcement may not be available in every country in which Zulily's products and services are made available in the future. In the U.S. and certain other countries, Zulily has registered or has applications pending for its key tradenames, including: Zulily, the Zulily design mark and designs associated with its mobile applications and branded social channels.

Zulily's results are impacted by a pattern of elevated sales volume during the holiday shopping season in the fourth quarter. The fourth quarter accounted for approximately 28.8% and 30.3% of Zulily's revenue for the years ended December 31, 2019 and 2018, respectively.

Cornerstone

Cornerstone consists of a portfolio of aspirational home and apparel brands, prominent in the direct marketing and retail space, including catalog distribution and related websites. Although there is some overlap in the product offerings, the home brands are comprised of Ballard Designs, Frontgate, and Grandin Road. Garnet Hill and Ryllace focus primarily on apparel and accessories and are categorized as apparel brands. There are also 20 retail and outlet stores located throughout the United States.

Frontgate features premium, high quality indoor (including bed, bath, kitchen, dining and living room) and outdoor (including patio, garden and pool) furnishings and accessories. Ballard Designs features European-inspired bed, bath, dining, outdoor and office furnishings and accessories, as well as rugs, shelving and architectural accents for the home. Grandin Road offers an affordable style assortment of products ranging from occasional furniture, accessories, holiday décor and outdoor furniture.

The Cornerstone brands generally incorporate on-site photography and real-life settings, coupled with related editorial content describing the merchandise and depicting situations in which it may be used. Branded catalogs are designed and produced in-house, which enables each individual brand to control the production process and reduces the amount of lead time required to produce a given catalog.

New editions of full-color catalogs are mailed to customers several times each year, with a total annual circulation in 2019 of approximately 177 million catalogs. The timing and frequency of catalog circulation varies by brand and depends upon a number of factors, including the timing of the introduction of new products, marketing campaigns and promotions and inventory levels, among other factors.

Cornerstone also operates websites for each of its featured brands, such as BallardDesigns.com, Frontgate.com, GarnetHill.com, GrandinRoad.com and Ryllace.com. These websites serve as additional storefronts for products featured in related print catalogs, as well as provide customers with additional content and product assortments to support and enhance their shopping experience. Additional content provided by these websites, which differs across the various websites, includes decorating tips, measuring information, online design centers, gift registries and travel centers, as well as a feature that allows customers to browse the related catalog online. In addition, a growing number of customers use mobile devices to shop the Cornerstone brands.

The Cornerstone brands differentiate themselves by offering customers an assortment of innovative proprietary and branded apparel and home products. In many cases, Cornerstone seeks to secure exclusive distribution rights for certain products. Cornerstone employs in-house designers and partners with leading manufacturers and designers to aid in the development of its unique, exclusive product assortment. The Cornerstone brands use their respective websites and e-mail marketing to promote special offers, including cross-promotions for other Cornerstone brands. In addition, Cornerstone partners with third parties to offer promotional events such as sweepstakes and/or enter into other advertising agreements. Cornerstone believes that these affiliations enhance the awareness of the Cornerstone brands among consumers as well as strengthen its various brands overall. Cornerstone has also been extending its distributed commerce platform through both its experiential and more traditional retail and outlet stores, as a marketing tool to increase demand in the overall regions where the stores reside.

Regulatory Matters

Programming and Interactive Television Services

Although QVC, a wholly owned subsidiary, markets and sells consumer products through a variety of outlets, it does so, in large part, through live video programming services distributed by cable television systems, satellite systems and over-the-air broadcasters. Consequently, regulation of programming services and the entities that distribute it can affect QVC. In the U.S., the FCC regulates broadcasters, the providers of satellite communications services and facilities for the transmission of programming services, the cable television systems and other multichannel video programming distributors ("MVPDs") that distribute such services, and, to some extent, the availability of the programming services themselves through its regulation of program licensing. Cable television systems in the U.S. are also regulated by municipalities or other state and local government authorities. Regulatory carriage requirements also could adversely affect the number of channels available to QVC.

Regulation of Program Licensing. The Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act") directed the FCC to promulgate regulations regarding the sale and acquisition of cable programming between MVPDs (including cable operators) and satellite-delivered programming services in which a cable operator has an attributable interest. The 1992 Cable Act and implementing regulations generally prohibit a cable operator that has an attributable interest in a satellite programmer from improperly influencing the terms and conditions of sale to unaffiliated MVPDs. Further, the 1992 Cable Act requires that such affiliated programmers make their programming services available to cable operators and competing MVPDs such as multi-channel multi-point distribution systems and direct broadcast satellite system ("DBS") distributors on terms and conditions that do not unfairly discriminate among distributors, and the FCC has established complaint enforcement and damages remedy procedures. FCC rules attribute the ownership interest in Charter of Liberty Broadband, and Liberty Latin America Ltd.'s ownership interest in Liberty Cablevision of Puerto Rico LLC to us, thereby subjecting us and satellite-delivered programming services in which we have an interest to the program access rules. Our subsidiary QVC is subjected to program access rules as a result of our attributable interest in Charter under FCC rules. We are also subject to the program access rules as a condition of FCC approval of Qurate Retail's transaction with News Corporation in 2008.

In 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 adopt its proposed definition and determine that the program access rules apply to such MVPDs, QVC potentially would be required to negotiate with, and license their programming services to, such MVPDs and to comply with other related regulatory requirements.

Regulation of Carriage of Programming. Under the 1992 Cable Act, the FCC has adopted regulations prohibiting cable operators from requiring a financial interest in a programming service as a condition to carriage of such service, coercing exclusive rights in a programming service or favoring affiliated programmers so as to restrain unreasonably the ability of unaffiliated programmers to compete. The FCC has established program carriage complaint rules. Our subsidiary QVC is subjected to program carriage rules as a result of our attributable interest in Charter under FCC rules.

Regulation of Ownership. The 1992 Cable Act required the FCC, among other things, (1) to prescribe rules and regulations establishing reasonable limits on the number of channels on a cable system that will be allowed to carry programming in which the owner of such cable system has an attributable interest and (2) to consider the necessity and appropriateness of imposing limitations on the degree to which MVPDs (including cable operators) may engage in the creation or production of video programming. Although the FCC adopted regulations limiting carriage by a cable operator, the United States Court of Appeals for the District of Columbia Circuit ("D.C. Circuit") vacated the channel occupancy limits adopted by the FCC and remanded the rule to the FCC for further consideration in 2001. In response to the D.C. Circuit's decision, the FCC subsequently issued further notices of proposed rulemaking to consider channel occupancy limitations, but has not adopted any rules.

Regulation of Carriage of Broadcast Stations. The 1992 Cable Act granted broadcasters a choice of must carry rights or retransmission consent rights. The rules adopted by the FCC generally provided for mandatory carriage by cable systems of all local full-power commercial television broadcast signals selecting must carry rights and, depending on a cable system's channel capacity, non-commercial television broadcast signals. Such statutorily mandated carriage of broadcast stations coupled with the provisions of the Cable Communications Policy Act of 1984, which require cable television systems with 36 or more "activated" channels to reserve a percentage of such channels for commercial use by unaffiliated third parties and permit franchise authorities to require the cable operator to provide channel capacity, equipment and facilities for public, educational and government access channels, could adversely affect QVC by limiting the carriage of such services in cable systems with limited channel capacity.

Closed Captioning Regulation. The Telecommunications Act of 1996 also required the FCC to establish rules and an implementation schedule to ensure that video programming is fully accessible to the hearing impaired through closed captioning. The rules adopted by the FCC require substantial closed captioning, with only limited exemptions. In 2012, the FCC adopted regulations pursuant to the Twenty-First Century Communications and Video Accessibility Act of 2010 that require, among other things, video programming owners to send caption files for IP delivered video programming to video programming distributors and providers along with program files. In 2014, the FCC adopted closed captioning quality standards regarding captioning accuracy, synchronicity, completeness and placement, and captioning best practices for programmers. In 2016, the FCC amended its closed captioning regulations to assign captioning compliance responsibility to programmers jointly with distributors, and to adopt certain registration, certification and complaint procedures applicable to programmers. The video programmer registration and compliance certification requirements of the amended rules have not yet become effective. As a result of these captioning requirements, QVC may incur additional costs for closed captioning.

Internet Services

Our online commerce businesses are subject, both directly and indirectly, to various domestic and foreign laws and governmental regulations. Certain of these businesses engaged in the provision of goods and services over the Internet must comply with federal and state laws and regulations applicable to online communications and commerce. For example, the Children's Online Privacy Protection Act ("COPPA") prohibits web sites from collecting personally identifiable information online from children under age 13 without parental consent and imposes a number of operational requirements. The Federal Trade Commission ("FTC") has adopted regulations implementing COPPA. Certain email activities are subject to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, commonly known as the CAN-SPAM Act. The CAN-SPAM Act regulates the sending of unsolicited commercial email by requiring the email sender, among other things, to comply with specific disclosure requirements and to provide an "opt-out" mechanism for recipients. Both of these laws include statutory penalties for non-compliance. The Digital Millennium Copyright Act limits, but does not eliminate, liability for listing or linking to third party websites that may include content that infringes on copyrights or other rights so long as our Internet businesses comply with the statutory requirements. Various states also have adopted laws regulating certain aspects of Internet communications. In 2016, Congress enacted a permanent moratorium on state and local taxes on Internet access and commerce.

Our online commerce businesses also are subject to laws governing the collection, use, retention, security and transfer of personally-identifiable information about their users. In particular, the collection and use of personal information by companies has received increased regulatory scrutiny on a global basis. The enactment, interpretation and application of user data protection laws are in a state of flux, and the interpretation and application of such laws may vary from country to country. For example, the European Union's ("EU") General Data Protection Regulation ("GDPR") which established new data laws that give customers additional rights and impose additional restrictions and penalties on companies for illegal collection and misuse of personal information, took effect in May 2018. Further, in 2015, the Court of Justice of the European Union invalidated the "Safe Harbor Framework," which had allowed companies to collect and process personal data in EU nations for use in the U.S. A new data transfer framework, the EU-U.S. Privacy Shield, became fully operational on August 1, 2016, but is the subject of litigation. The Court of Justice of the European Union is expected to rule on the challenges to the EU-U.S. Privacy Shield this year. Finally, the European Commission proposed new regulations in 2017 regarding privacy and electronic communications, which would remain pending, including additional regulation of the Internet tracking tools known as "cookies." Finally, countries in other regions, most notably Asia, Eastern Europe and Latin America, are increasingly implementing new privacy regulations, resulting in additional compliance burdens and uncertainty as to how some of these laws will be enforced.

In the U.S., the FTC has proposed a privacy policy framework, and Congress may consider legislation that would require organizations that suffer a breach of security related to personal information to notify owners of such information. Many states have adopted laws requiring notification to users when there is a security breach affecting personal data, such as California's Information Practices Act. California also has enacted the California Consumer Privacy Act of 2018 ("CCPA"), which, among other things, allows California consumers to request that certain companies disclose the types of personal information collected by such companies. The CCPA became effective on January 1, 2020. The California Attorney General is drafting regulations and guidance regarding the law. Complying with these different national and state privacy requirements may cause the Company to incur substantial costs. In addition, the Company generally has and posts on its websites privacy policies and practices regarding the collection, use and disclosure of user data. A failure to comply with such posted privacy policies or with the regulatory requirements of federal, state, or foreign privacy laws could result in proceedings or actions by governmental agencies or others (such as class action litigation) which could adversely affect the Company’s business. Technical violations of certain privacy laws can result in significant penalties, including statutory penalties. In 2012, the FCC amended its regulations under the Telephone Consumer Protection Act ("TCPA"), which could subject our Internet businesses to increased liability for certain telephonic communications with customers, including but not limited to text messages to mobile phones. Under the TCPA, plaintiffs may seek actual monetary loss or statutory damages of $500 per violation, whichever is greater, and courts may treble such damage awards for willful or knowing violations. Data collection, privacy and security are growing public concerns. If consumers were to decrease their use of our Internet businesses' websites to purchase products and services, such businesses could be harmed. Congress, individual states and foreign authorities may consider additional online privacy legislation.

Goods sold over the Internet also must comply with traditional regulatory requirements, such as the FTC requirements regarding truthful and accurate claims. Other Internet-related laws and regulations enacted in the future may cover issues such as defamatory speech, copyright infringement, pricing and characteristics and quality of products and services. The future adoption of such laws or regulations may slow the growth of commercial online services and the Internet, which could in turn cause a decline in the demand for the services and products of our online commerce businesses and increase their costs of doing business or otherwise have an adverse effect on their businesses, operating results and financial conditions. Moreover, the applicability to commercial online services and the Internet of existing laws governing issues such as property ownership, libel, personal privacy and taxation is uncertain and could expose these companies to substantial liability.

In 2015, the FCC adopted open Internet rules that reclassified wireline and wireless broadband services as Title II common carrier services and regulate broadband services offered by Internet service providers (“ISPs”) under Title II, Title III and Section 706 of the Telecommunications Act of 1996. Among other things, the regulations prohibited ISPs from: (1) blocking access to, or impairing or degrading, legal content, applications, services or non-harmful devices; and (2) favoring selected Internet traffic in exchange for consideration. On December 14, 2017, the FCC adopted a Declaratory Ruling, Report and Order and Order (“2017 Order”) that, among other things, eliminates these prohibitions. The 2017 Order does require ISPs to disclose information to consumers regarding practices such as throttling, paid prioritization and affiliated prioritization. On October 1, 2019, the D.C. Circuit ruled on numerous appeals by interested parties and largely upheld the 2017 Order. However, the D.C. Circuit vacated that portion of the 2017 Order that preempted inconsistent state and local regulations and remanded the 2017 Order for further consideration of its effects on public safety, pole attachment regulation and the Lifeline support program. The D.C. Circuit’s ruling may be subject to further judicial review. Legislative proposals regarding the open Internet rules are pending in Congress.

Proposed Changes in Regulation

The regulation of programming services, cable television systems, DBS providers, Internet services, online sales and other forms of product marketing is subject to the political process and has been in constant flux over the past decade. Further material changes in the law and regulatory requirements must be anticipated and there can be no assurance that our business will not be adversely affected by future legislation, new regulation or deregulation.

Competition

Our businesses that engage in video and online commerce compete with traditional brick-and-mortar and online retailers ranging from large department stores to specialty shops, electronic retailers, direct marketing retailers, such as mail order and catalog companies, and discount retailers. Due to the nature of these businesses there is not a single or small group of competitors that own a significant portion of the overall market share. However, some of these competitors, such as Amazon and Walmart, have a significantly greater web-presence than our e-commerce subsidiaries and equity affiliates. We believe that the principal competitive factors in the markets in which our electronic commerce businesses compete are high-quality products, brand recognition, selection, value, convenience, price, website performance, customer service and accuracy of order shipment. Our businesses that offer services through the Internet compete with businesses that offer their own services directly through the Internet as well as with traditional offline providers of similar services. We believe that the principal competitive factors in the markets in which our businesses that offer services through the Internet engage are selection, price, availability of inventory, convenience, brand recognition, accessibility, customer service, reliability, website performance, and ease of use.

Employees

Pursuant to a services agreement between LMC and the Company, 86 LMC corporate employees provide certain management services to the Company for a determined fee. Additionally, as of December 31, 2019, our consolidated subsidiaries had an aggregate of approximately 25,228 full and part-time employees. We believe that our employee relations are good.

Available Information

All of our filings with the SEC, including our Form 10-Ks, Form 10-Qs and Form 8-Ks, as well as amendments to such filings are available on our Internet website free of charge generally within 24 hours after we file such material with the SEC. Our website address is www.qurateretail.com.

Our corporate governance guidelines, code of business conduct and ethics, compensation committee charter, nominating and corporate governance committee charter, and audit committee charter are available on our website. In addition, we will provide a copy of any of these documents, free of charge, to any shareholder who calls or submits a request in writing to Investor Relations, Qurate Retail, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112, Tel. No. (866) 876-0461.

The information contained on our website and the websites of our subsidiaries and affiliated businesses mentioned throughout this report are not incorporated by reference herein.

PART I.

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.

Our subsidiary QVC depends on the television distributors that carry its programming, and no assurance can be given that QVC will be able to maintain and renew its affiliation agreements on favorable terms or at all. QVC currently distributes its programming through affiliation or transmission agreements with many television providers, including, but not limited to, Comcast, AT&T/DIRECTV, Charter, DISH Network, Verizon and Cox in the U.S., Vodafone Kabel Deutschland GmbH, Media Broadcast GmbH, SES ASTRA, SES Platform Services GmbH, Telekom Deutschland GmbH, Unitymedia GmbH, Tele Columbus and Primacom in Germany, Jupiter Telecommunications, Ltd., Sky Perfect and World Hi-Vision Channel, Inc. in Japan, A1 Telekom Austria AG and UPC Telekabel Wien GmbH in Austria, British Sky Broadcasting, Freesat, Freeview and Virgin Media in the U.K., and Mediaset, Hot Bird and Sky Italia in Italy. QVC's affiliation agreements with its distributors are scheduled to expire between 2020 and 2024.

As part of normal course renewal discussions, occasionally QVC has disagreements with its distributors over the terms of its carriage, such as channel placement or other contract terms. If not resolved through business negotiation, such disagreements could result in litigation or termination of an existing agreement. Termination of an existing agreement resulting in the loss of distribution of QVC's programming to a material portion of its television households may adversely affect its growth, net revenue and earnings.

The renewal negotiation process for affiliation agreements is typically lengthy. In some cases, renewals are not agreed upon prior to the expiration of a given agreement while the programming continues to be carried by the relevant distributor without an effective agreement in place. QVC does not have distribution agreements with some of the cable operators that carry its programming. In total, QVC is currently providing programming without affiliation agreements to distributors representing approximately 5.8% of its QVC U.S. distribution, and approximately 1.1% of its HSN distribution. Some of QVC's international programming may continue to be carried by distributors after the expiration dates on its affiliation agreements with such distributors have passed.

QVC may be unable to obtain renewals with its current distributors on acceptable terms, if at all. QVC may also be unable to successfully negotiate affiliation agreements with new or existing distributors to carry its programming and no assurance can be given that they will be successful in negotiating renewals with these distributors or that the financial and other terms of these renewals will be acceptable. Although QVC considers its current levels of distribution without written agreement to be ordinary course, no assurance can be given that QVC will be successful in negotiating renewals with all these operators or that the financial and other terms of renewal will be on acceptable terms. The failure to successfully renew or negotiate new affiliation agreements covering a material portion of television households on acceptable terms could result in a discontinuation of carriage that may adversely affect its viewership, growth, net revenue and earnings.

Our programming and online commerce businesses depend on their relationships with third party suppliers and vendors and any adverse changes in these relationships could adversely affect our results of operations. An important component of the success of our programming and online commerce businesses is their ability to maintain their existing, as well as build new, relationships with a limited number of local and foreign suppliers, manufacturers and vendors, among other parties. There can be no assurance that our subsidiaries and business affiliates will be able to maintain their existing supplier or vendor arrangements on commercially reasonable terms or at all or, with respect to goods sourced from foreign markets, if the supply costs will remain stable. In addition, our subsidiaries and business affiliates cannot guarantee that goods produced and delivered by third parties will meet applicable quality standards, which is impacted by a number of factors, some of which are not within the control of these parties. Adverse changes in existing relationships or the inability to enter into new arrangements with these parties on favorable terms, if at all, could result in lost sales or cause a failure to meet customer expectations and timely delivery of products, which could in turn have a significant adverse effect on our results of operations.

Our programming and online commerce businesses rely on distribution facilities to operate their business, and any damage to one of these facilities, or any disruptions caused by incorporating new facilities into their operations, could have a material adverse impact on their business. Our programming and online commerce businesses operate a limited number of distribution facilities worldwide. Their ability to meet the needs of their customers depends on the proper operation of these distribution facilities. If any of these distribution facilities were to shut down or otherwise become inoperable or inaccessible for any reason, these businesses could suffer a substantial loss of inventory and disruptions of deliveries to their customers. In addition, they could incur significantly higher costs and longer lead times associated with the distribution of their products during the time it takes to reopen or replace the damaged facility. Any of the foregoing factors could result in decreased sales and have a material adverse effect on our business, financial condition and operating results. In addition, these businesses have been implementing new warehouse management systems to further support their efforts to operate with increased efficiency and flexibility. There are risks inherent in operating in new distribution environments and implementing new warehouse management systems, including operational difficulties that may arise with such transitions. Our businesses may experience shipping delays should there be any disruptions in their new warehouse management systems or warehouses themselves.

In October 2018, we announced that our HSN and QVC U.S. business units would be opening a new distribution facility in Bethlehem, Pennsylvania in 2019 and that we anticipated closing distribution facilities in Lancaster, Pennsylvania, Roanoke, Virginia, and Greeneville, Tennessee in 2020. In late 2019, QVC began shipping customer orders from its Bethlehem distribution center, but it is not operating at full capacity. Difficulties experienced in increasing shipping volumes from the Bethlehem distribution center as a result of the package handling equipment or warehouse management systems not performing as anticipated, has caused delays in the Bethlehem distribution center operating at full capacity. Delays in the Bethlehem distribution center operating at full capacity could cause delays in closing other facilities, including the Lancaster, Pennsylvania facility. Delays in closing these facilities or disruptions caused by transitioning order fulfillment operations or returns processing from closing facilities to other facilities may increase operating expenses for these businesses, cause disruptions to their order fulfillment processes and cause delays in delivering product to customers which would result in lost sales, strain relationships with customers, and cause harm to our businesses' reputations, any of which could have a material adverse impact on our business, financial condition and operating results.

Natural disasters, public health crises, political crises, and other catastrophic events or other events outside of our control may damage our facilities or the facilities of third parties on which we depend, and could impact consumer spending. Our businesses operate headquarters and administrative offices, distribution centers and call centers worldwide. If any of these facilities or the facilities of our vendors or third-party service providers, is affected by natural disasters, such as earthquakes, tsunamis, power shortages or outages, floods or monsoons, public health crises, such as pandemics and epidemics, political crises, such as terrorism, war, political instability or other conflict, or other events outside of our businesses' control, our business, financial condition and results of operations could be materially adversely affected. Disasters occurring at our businesses' or their vendors' facilities also could impact our businesses' reputation and their customers' perception of the products they sell. Moreover, these types of events could negatively impact consumer spending in the impacted regions or depending upon the severity, globally, which could adversely impact our business, financial condition and results of operations.

For example, in December 2019, a strain of coronavirus was reported to have surfaced in Wuhan, China. It may adversely impact our businesses' supply chains and lead to shipping disruptions for products they import. In particular, certain of the products that our businesses sell are manufactured in China and other countries and imported to the countries where our businesses operate. As a result of the coronavirus, Chinese officials and business owners have temporarily closed certain factories and certain other factories are operating at a limited capacity due to, among other reasons, employee shortages resulting in part from government imposed travel restrictions and local statutory quarantines. In addition, the travel restrictions and local statutory quarantines imposed to contain the coronavirus have resulted in delays in shipping of products our businesses import and may result in additional shipping delays. These events and any future factory closures, reductions in factory operations or government imposed travel restrictions or quarantines in China or elsewhere could negatively affect the ability of manufacturers and vendors to produce and deliver the products our businesses sell. Further, broader global effects of potentially reduced consumer confidence and other macro issues related to the coronavirus could also have a negative effect on our businesses and our financial condition and results of operations. At this point, the extent to which the coronavirus may impact our businesses is uncertain.

The unanticipated loss of certain larger vendors or the consolidation of our programming and online commerce businesses' vendors could negatively impact their sales and profitability on a short term basis. It is possible that one or more of the larger vendors for our programming and online commerce businesses could experience financial difficulties, including bankruptcy, or otherwise could elect to cease doing business with our businesses. While these businesses have periodically experienced the loss of a major vendor, if multiple major vendors ceased doing business with these businesses, or did not perform consistently with past practice, this could have a material adverse impact on our business, financial condition and operating results. Further, there has been a trend among these vendors towards consolidation in recent years that may continue. This consolidation could exacerbate the foregoing risks and increase these vendors' bargaining power and their ability to demand terms that are less favorable to our businesses.

Our businesses are subject to risks of adverse government regulation. Our programming business QVC markets and provides a broad range of merchandise through television shopping programs and proprietary websites. Similarly, our online commerce business Zulily markets and provides a broad range of merchandise and/or services through its proprietary websites. As a result, our businesses are subject to a wide variety of statutes, rules, regulations, policies and procedures in various jurisdictions, including foreign jurisdictions, which are subject to change at any time, including laws regarding consumer protection, data privacy and security, the regulation of retailers generally, the license requirements for television retailers in foreign jurisdictions, the importation, sale and promotion of merchandise and the operation of retail stores and warehouse facilities, as well as laws and regulations applicable to the Internet and businesses engaged in online commerce, such as those regulating the sending of unsolicited, commercial electronic mail and texts. The failure by our businesses to comply with these laws and regulations could result in a revocation of required licenses, fines and/or proceedings by governmental agencies and/or consumers, which could adversely affect our businesses, financial condition and results of operations. Moreover, unfavorable changes in the laws, rules and regulations applicable to our businesses could decrease demand for our businesses' products and services, increase costs and/or subject our businesses to additional liabilities. Similarly, new disclosure and reporting requirements, established under existing or new state, federal or foreign laws, such as regulatory rules regarding requirements to disclose efforts to identify the origin and existence of certain “conflict minerals” or abusive labor practices in portions of QVC’s supply chains, could increase the cost of doing business, adversely affecting our results of operations. In addition, certain of these regulations may impact the marketing efforts of our businesses and their brands.

As mentioned above, the manner in which certain of our subsidiaries and business affiliates sell and promote merchandise and related claims and representations made in connection with these efforts is regulated by federal, state and local law, as well as the laws of the foreign countries in which they operate. Certain of our subsidiaries and business affiliates may be exposed to potential liability from claims by purchasers or from regulators and law enforcement agencies, including, but not limited to, claims for personal injury, wrongful death and damage to personal property relating to merchandise sold and misrepresentation of merchandise features and benefits. In certain instances, these subsidiaries and business affiliates have the right to seek indemnification for related liabilities from their respective vendors and may require such vendors to carry minimum levels of product liability and errors and omissions insurance. These vendors, however, may be unable to satisfy indemnification claims, obtain suitable coverage or maintain this coverage on acceptable terms, or insurance may provide inadequate coverage or be unavailable with respect to a particular claim.

In addition, programming services, cable television systems, the Internet, telephony services and satellite service providers are subject to varying degrees of regulation in the U.S. by the FCC and other entities and in foreign countries by similar regulators. Such regulation and legislation are subject to the political process and have been in constant flux over the past decade. The application of various sales and use tax provisions under state, local and foreign law to the products and services of our subsidiaries and certain of our business affiliates sold via the Internet, television and telephone is subject to interpretation by the applicable taxing authorities, and no assurance can be given that such authorities will not take a contrary position to that taken by our subsidiaries and certain of our business affiliates, which could have a material adverse effect on their businesses. In addition, there have been numerous attempts at the federal, state and local levels to impose additional taxes on online commerce transactions. Moreover, most foreign countries in which our subsidiaries or business affiliates have, or may in the future make, an investment, regulate, in varying degrees, the distribution, content and ownership of programming services and foreign investment in programming companies and the Internet.

In addition, certain of our businesses are subject to consent decrees issued by the FTC barring them from making deceptive claims for specified weight-loss products and dietary supplements and prohibiting them from making certain claims about specified weight-loss, dietary supplement and anti-cellulite products unless they have competent and reliable scientific evidence to substantiate such claims. HSN was subject to a consent order issued by the FTC that had expired in 2019 and which barred HSN (including its subsidiaries and affiliates) from making certain claims with respect to specified categories of products. Violation of these consent decrees may result in the imposition of significant civil penalties for non-compliance and related redress to consumers and/or the issuance of an injunction enjoining these businesses from engaging in prohibited activities. Further material changes in the law and increased regulatory requirements must be anticipated, and there can be no assurance that our businesses and or any of our assets will not become subject to increased expenses or more stringent restrictions as a result of any future legislation, new regulation or deregulation.

We may be subject to significant tax liabilities related to the GCI Liberty Split-Off. We received an opinion of our tax counsel in connection with the contribution and split-off forming a part of the Transactions (the “GCI Liberty Split-Off”) to the effect that, for U.S. federal income tax purposes, the GCI Liberty Split-Off will qualify as a tax-free transaction to our company and to the former holders of our Liberty Ventures common stock under Section 355, Section 368(a)(1)(D) and related provisions of the Internal Revenue Code of 1986, as amended (the “Code”). In July 2018, the Internal Revenue Service (“IRS”) completed its review of the GCI Liberty Split-Off and informed our Company that it agreed with the nontaxable characterization of the Transactions. We received an Issue Resolution Agreement from the IRS documenting this conclusion.

Even if the GCI Liberty Split-Off otherwise qualifies under Section 355, Section 368(a)(1)(D), and related provisions of the Code, the GCI Liberty Split-Off would result in a significant U.S. federal income tax liability to us (but not to the former holders of Liberty Ventures common stock) under Section 355(e) of the Code if one or more persons acquire, directly or indirectly, a 50% or greater interest (measured by either vote or value) in the stock of our company or in the stock of GCI Liberty (excluding, for this purpose, acquisitions of GCI Liberty’s common stock meeting statutory exceptions) as part of a plan or series of related transactions that includes the GCI Liberty Split-Off. Any acquisition of the stock of our company or GCI Liberty (or any successor corporation) within two years before or after the GCI Liberty

Split-Off would generally be presumed to be part of a plan that includes the GCI Liberty Split-Off, although the parties may be able to rebut that presumption under certain circumstances. The process for determining whether an acquisition is part of a plan under these rules is complex, inherently factual in nature and subject to a comprehensive analysis of the facts and circumstances of the particular case. Notwithstanding the opinion of tax counsel described above, we or GCI Liberty might inadvertently cause or permit a prohibited change in ownership of our company or GCI Liberty, thereby triggering tax liability to us.

Prior to the GCI Liberty Split-Off, we entered into a tax sharing agreement with GCI Liberty. Under this agreement, our company is generally responsible for any taxes and losses resulting from the failure of the GCI Liberty Split-Off to qualify as a tax-free transaction; however, GCI Liberty is required to indemnify us for any taxes and losses which (i) result primarily from, individually or in the aggregate, the breach of certain covenants made by GCI Liberty (applicable to actions or failures to act by GCI Liberty and its subsidiaries following the completion of the GCI Liberty Split-Off), or (ii) result from the application of Section 355(e) of the Code to the GCI Liberty Split-Off as a result of the treatment of the GCI Liberty Split-Off as part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, a 50% or greater interest (measured by either vote or value) in the stock of GCI Liberty (or any successor corporation). As the taxpaying entity, however, we are subject to the risk of non-payment by GCI Liberty of its indemnification obligations under the tax sharing agreement.

To preserve the tax-free treatment of the GCI Liberty Split-Off, we may determine to forgo 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 GCI Liberty Split-Off. In addition, our potential tax liabilities related to the GCI Liberty Split-Off might discourage, delay or prevent a change of control transaction for some period of time following the GCI Liberty Split-Off.

Rapid technological advances could render the products and services offered by our subsidiaries and our business affiliates obsolete or non-competitive. Our subsidiaries and business affiliates must stay abreast of rapidly evolving technological developments and offerings to remain competitive and increase the utility of their products and services. As their operations grow in size and scope, our subsidiaries and business affiliates must continuously improve and upgrade their systems and infrastructure while maintaining or improving the reliability and integrity of their systems and infrastructure. These subsidiaries and business affiliates must be able to incorporate new technologies into their products and services in order to address the needs of their customers. The emergence of alternative platforms such as mobile and tablet computing devices and the emergence of niche competitors who may be able to optimize products, services or strategies for such platforms will require new investment in technology. New developments in other areas, such as cloud computing, could also make it easier for competition to enter their markets due to lower up-front technology costs. There can be no assurance that our subsidiaries and business affiliates will be able to compete with advancing technology or be able to maintain existing systems or replace or introduce new technologies and systems as quickly as they would like or in a cost-effective manner, and any failure to do so could result in customers seeking alternative products or service providers, thereby adversely impacting our revenue and operating income.

Our subsidiaries and business affiliates conduct their businesses under highly competitive conditions. Although QVC is one of the nation's largest home shopping networks, it has numerous and varied competitors at the national and local levels, ranging from large department stores to specialty shops, electronic retailers, direct marketing retailers, wholesale clubs, discount retailers, infomercial retailers, and Internet retailers. In addition, QVC competes with other televised shopping retailers, such as ShopHQ in the U.S., Shop Channel in Japan, HSE 24 in Germany and Italy, and Ideal World in the U.K., infomercial retailers, Internet retailers, including livestream shopping retailers, and mail-order and catalog companies. QVC also competes for access to customers and audience share with other providers of televised, online and hard copy entertainment and content. Similarly, Zulily and Cornerstone compete with e-commerce businesses such as Amazon.com, Inc. and Alibaba Group, the e-commerce platforms of traditional retailers such as Target Corporation and Wal-Mart Stores, Inc., and online marketplaces such as eBay Inc. Cornerstone also competes with other mail-order and catalog companies. Zulily expects increased competition with companies employing a flash sales model as there are no significant barriers to entry. Competition is characterized by many factors, including assortment, advertising, price, quality, services, accessibility, the attractiveness and ease of use of digital platforms, cost and speed of options for delivery, reputation and credit availability, as well as the financial, technical and marketing expertise of competitors. For example, many of our businesses' competitors have greater resources, longer histories, more customers and greater brand recognition than our businesses do, and competitors may secure better terms from vendors, adopt more aggressive pricing, offer free or subsidized shipping and devote more resources to technology, fulfillment and marketing. In addition, many retailers, especially online retailers with whom our subsidiaries and business affiliates compete, are increasingly offering customers aggressive shipping terms, including free or discounted expedited shipping. As these practices become more prevalent, our subsidiaries and business affiliates may experience further competitive pressures to attract customers and/or to change their shipping programs. Other companies also may enter into business combinations or alliances that strengthen their competitive positions. Such business combinations or alliances may result in competitors with greatly improved financial resources, improved access to merchandise, greater market penetration than they previously enjoyed and other improvements in their competitive positions. This may cause QVC's customers to elect to purchase products from a competitor that they would have historically purchased from QVC, resulting in less revenue to QVC. If our subsidiaries and business affiliates do not compete effectively with regard to these factors, our results of operations could be materially and adversely affected.

Moreover, although our subsidiaries and business affiliates sell a variety of exclusive products, one of the most significant challenges our subsidiaries and business affiliates face is competition on the basis of price. Price is of great importance to most customers, and price transparency and comparability continues to increase, particularly as a result of digital technology. The ability of consumers to compare prices on a real-time basis puts additional pressure on our subsidiaries and business affiliates to maintain competitive prices. In addition, many retailers, especially online retailers with whom our subsidiaries and business affiliates compete, are increasingly offering customers aggressive shipping terms, including free or discounted expedited shipping. As these practices become more prevalent, our subsidiaries and business affiliates may experience further competitive pressures to attract customers and/or to change their shipping programs. Our subsidiaries and business affiliates ability to be competitive on delivery times and shipping costs depends on many factors, and their failure to successfully manage these factors and offer competitive shipping terms could negatively impact the demand for their products and our profit margins.

The sales and operating results of our businesses depend on their ability to attract new customers, retain existing customers and predict or respond to consumer preferences. In an effort to attract and retain customers, these businesses engage in various merchandising and marketing initiatives, which involve the expenditure of money and resources. For example, QVC and Cornerstone have spent, and expect to continue to spend, increasing amounts of money on, and devote greater resources to, certain of these initiatives, particularly in connection with the growth and maintenance of their brands generally, as well as in the continuing efforts of their businesses to increasingly engage customers through online digital marketing. These initiatives, however, may not resonate with existing customers or consumers generally or may not be cost-effective. In addition, costs associated with the production and distribution of television programming (in the case of QVC), paper and printing costs for catalogs (in the case of Cornerstone) and costs associated with digital marketing, including marketing on third-party platforms such as Google and Facebook, have increased and are likely to continue to increase in the foreseeable future and, if significant, could have a material adverse effect to the extent that they do not result in corresponding increases in net revenue. These companies also continuously develop new retail concepts and adjust their product mix in an effort to satisfy customer demands. Any sustained failure to identify and respond to emerging trends in lifestyle and consumer preferences could have a material adverse effect on the businesses of these subsidiaries and business affiliates. Consumer spending may be affected by many factors outside of their control, including competition from store-based retailers, mail-order and third-party Internet companies, consumer confidence and preferences, and general economic conditions.

Weak economic conditions worldwide may reduce consumer demand for our businesses' products and services. Prolonged economic uncertainty in various regions of the world in which our subsidiaries and business affiliates operate could adversely affect demand for our businesses' products and services since a substantial portion of our businesses' revenue is derived from discretionary spending by individuals, which typically falls during times of economic instability. Global financial markets may 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 China, Japan and Europe deteriorate, customers of our subsidiaries and business affiliates may respond by suspending, delaying, or reducing their discretionary spending. A suspension, delay or reduction in discretionary spending could adversely affect our revenue. Accordingly, our ability to increase or maintain revenue and earnings could be adversely affected to the extent that relevant economic environments decline. Such weak economic conditions may also inhibit the expansion of our subsidiaries and business affiliates into new European and other markets. We currently are unable to predict the extent of any of these potential adverse effects.

The failure of our subsidiary QVC to maintain suitable placement for its programming or to adapt to changes in consumer behavior driven by online video distribution platforms for viewing content could adversely affect its ability to attract and retain television viewers and could result in a decrease in revenue. QVC is dependent upon the continued ability of its programming to compete for viewers. Effectively competing for television viewers is dependent, in substantial part, on its ability to negotiate and maintain placement of its programming at a favorable channel position, such as in a basic tier or within a general entertainment or general broadcasting tier. Less favorable channel position for QVC's programming, such as placement adjacent to programming that does not complement its programming, a position next to its televised home shopping competitors or isolation in a "shopping" tier could adversely affect QVC's ability to attract television viewers to its programming. In addition, if QVC's programming is carried exclusively by a distributor on a digital programming tier, QVC may experience a reduction in revenue to the extent that the digital programming tier has less television viewer penetration than the basic or expanded basic programming tier. QVC may experience a further reduction in revenue due to increased television viewing audience fragmentation to the extent that not all television sets within a digital cable home are equipped to receive television programming in a digital format.

Changes in consumer behavior driven by online video distribution platforms for viewing content may have an adverse impact on QVC's business. Distribution platforms for viewing content over the internet have been, and will likely continue to be, developed that further increase the competition for viewers of programming. These distribution platforms are driving changes in consumer behavior as consumers seek more control over when, where and how they consume content.

Consumers are increasingly turning to online sources for viewing content, which has and likely will continue to reduce the number of viewers of our television programming. Although QVC has attempted to adapt its offerings to changing consumer behaviors, virtual multichannel video providers, online video distributors and programming networks providing their content directly to consumers over the internet rather than through traditional television services continue to emerge, gain consumer acceptance and disrupt traditional television distribution services, which QVC relies on for the distribution of its television programming.

An increasing number of companies offering streaming services, including some with exclusive high-quality original video programming, as well as programming networks offering content directly to consumers over the internet, have increased the number of entertainment choices available to consumers, which has intensified audience fragmentation. The increase in entertainment choices adversely affects the viewership of our programming. Additionally, time-shifting technologies, such as video on demand services and DVR and cloud-based recording services, could adversely affect QVC's ability to attract television viewers to its programming.

QVC's future success will depend, in part, on its ability to anticipate and adapt to technological changes and to offer elements of its programming via new technologies in a cost-effective manner that meet customer demands and evolving industry standards. QVC's failure to effectively anticipate or adapt to emerging technologies or competitors or changes in consumer behavior, including among younger consumers, could have an adverse effect on QVC's competitive position, businesses and results of operations.

Any continued or permanent inability of QVC to transmit its programming via satellite would result in lost revenue and could result in lost customers. The success of our subsidiary QVC is dependent upon its continued ability to transmit its programming to television providers from its satellite uplink facilities, and for QVC's distributors to continue to receive its programming at its satellite earth station downlink facilities. These transmissions are subject to FCC regulation and compliance in the U.S. and foreign regulatory requirements in QVC's international operations. In most cases, QVC 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. 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.

In order to free up additional spectrum for the provision of next generation commercial wireless broadband services, commonly referred to as 5G, the FCC has commenced and is in the process of completing, a rulemaking proceeding that is expected to reallocate for 5G a portion of the 500 MHz in the 3.7 to 4.2 GHz ("C-Band") spectrum, which is currently used for the delivery of QVC's programming to its distributors' satellite earth stations. Currently, there is no immediately available, ubiquitous alternative to C-Band delivery of QVC's programming, particularly outside of its major markets. Depending on the parameters for the reallocation adopted by the FCC, there could be an impact on our ability to deliver QVC's programming reliably and without interruption to its distributors. QVC is actively looking at alternatives to C-Band distribution to mitigate the risks posed to its operations from the C-Band reallocation proceeding, but QVC can give no assurance that these alternatives will adequately mitigate such risks.

System interruption and the lack of integration and redundancy in the systems and infrastructures of our subsidiary QVC and our other online commerce and catalog 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), 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. Each of QVC and Cornerstone also rely on affiliate and third-party computer systems, broadband, transmission and other communications systems and service providers in connection with the transmission of its respective signals, as well as to facilitate, process and fulfill transactions. Any interruptions, outages or delays in its signal transmissions, systems and infrastructures, or any deterioration in the performance of these transmissions, systems and infrastructures, could impair its 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, sharing, use, disclosure and protection of personal data 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 and managing their employees, our businesses receive, transmit and store a large volume of personally identifiable information and other user data. The processing, storage, sharing, use, disclosure and protection of this information are governed by the privacy and data security policies maintained by these businesses. Moreover, there are federal, state and international laws regarding privacy and the processing, storage, sharing, use, disclosure and protection of personally identifiable information and user data. Specifically, personally identifiable information is increasingly subject to changing legislation and regulations, in numerous jurisdictions around the world, which are intended to protect the privacy of personal information that is collected, processed and transmitted in or from the governing jurisdiction. Compliance with these laws and regulations may be onerous and expensive and may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance. For example, the European Court of Justice in 2015 invalidated the U.S.-E.U. Safe Harbor Framework, which facilitated personal data transfers to the U.S. in compliance with applicable European data protection laws. The E.U.-U.S. Privacy Shield, which replaced the U.S.-E.U. Safe Harbor Framework, became fully operational on August 1, 2016, but is the subject of litigation. In addition, Standard Contractual Clauses - another key mechanism to allow data transfers between the U.S. and the E.U. - are also subject to litigation over whether Standard Contractual Clauses can be used for transferring personal data from the E.U. to the U.S. The Court of Justice of the European Union is expected to rule on the challenges to the EU-U.S. Privacy Shield and Standard Contractual Clauses in 2020. Further, the General Data Protection Regulation, which became effective on May

25, 2018, gives consumers in the E.U. additional rights and imposes additional restrictions and penalties on companies for illegal collection and misuse of personal information. The European Commission is continuing to consider whether to propose new regulations regarding privacy and electronic communications that would complement the GDPR, including additional regulation of the Internet tracking tools known as “cookies.” In the absence of such new regulations, European data regulators are indicating their intent to take greater enforcement efforts with respect to the use of cookies. The “Brexit” withdrawal of the United Kingdom (UK) from the E.U. may cause transfers of personal data from the E.U. to the UK to be subject to increased regulations that would impede the continued sharing of E.U. personal data with the UK. California has enacted the California Consumer Privacy Act of 2018 (“CCPA”), which, among other things, allows California consumers to request that certain companies disclose the types of personal information collected by such companies. The CCPA took effect on January 1, 2020. The California Attorney General is drafting implementing regulations and guidance regarding the law. Other states in the U.S. are also separately proposing laws to regulate privacy and security of personal data. QVC’s, Cornerstone’s and Zulily’s failure, and/or the failure by the various third party vendors and service providers with which QVC, Cornerstone and Zulily do business, to comply with applicable privacy policies or federal, state or similar international laws and regulations, or changes in applicable laws and regulations, or any compromise of security that results in the unauthorized release of personally identifiable information or other user data could damage QVC’s, Cornerstone’s and Zulily’s reputations and the reputation of their third party vendors and service providers, discourage potential users from trying their products and services and/or result in fines and/or proceedings by governmental agencies and/or consumers, any one or all of which could adversely affect QVC’s, Cornerstone’s and Zulily’s business, financial condition and results of operations and, as a result, our company. In addition, we, our subsidiaries or our business affiliates may not have adequate insurance coverage to compensate for losses.

Our businesses are subject to security risks, including security breaches and identity theft. Through their operations, sales, marketing activities, and use of third-party information, our businesses collect and store certain non-public personal information that customers provide to purchase products, enroll in promotional programs, register on websites, or otherwise communicate to them. This may include phone numbers, driver license numbers, contact preferences, personal information stored on electronic devices, and payment information, including credit and debit card data. Our businesses gather and retain information about employees in the normal course of business. Our businesses may share information about such persons with vendors, contractors and other third-parties that assist with certain aspects of their business. In addition, our businesses’ online operations depend upon the transmission of confidential information over the Internet, such as information permitting cashless payments. Unauthorized parties may attempt to gain access to our businesses’ or our businesses’ vendors’ systems by, among other things, hacking into our businesses’ systems or those of our businesses’ partners or vendors, through fraud or other means of deceiving our businesses’ employees, partners or vendors, burglaries, errors by our or our vendors’ employees, misappropriation of data by employees, vendors or unaffiliated third-parties, or other irregularities that may result in persons obtaining unauthorized access to our businesses’ data. The techniques used to gain such access to our businesses’ or our businesses’ vendors’ information technology systems, our businesses’ data or customers’ data, disable or degrade service, or sabotage systems are constantly evolving, may be difficult to detect quickly, and often are not recognized until launched against a target. Our businesses have implemented systems and processes intended to secure their information technology systems and prevent unauthorized access to or loss of sensitive data, but as with all companies, these security measures may not be sufficient for all eventualities and there is no guarantee that they will be adequate to safeguard against all cyber attacks, system compromises or misuses of data. Although we have not detected a material security breach or cybersecurity incident to date, we have been the target of events of this nature and expect to be subject to similar attacks in the future. Any penetration of network security or other misappropriation or misuse of customer, employee or other personal information, whether at our businesses’ or any of our businesses’ vendors, could cause interruptions in the operations of our businesses and subject them to increased costs, fines, litigation, regulatory actions and other liabilities. Security breaches could also significantly damage their reputation with their customers and third parties with whom they do business, which could result in lost sales and customer and vendor attrition. Our businesses continue to invest in new and emerging technology and other solutions to protect their retail commerce websites, mobile commerce applications and information systems, but there can be no assurance that these investments and solutions will prevent any of the risks described above. If our businesses are unable to maintain the security of their retail commerce websites and mobile commerce applications, they could suffer loss of sales, reductions in traffic, diversion of management attention, and deterioration of their competitive position and incur liability for any damage to customers whose personal information is unlawfully obtained and used. Our businesses may be required to expend significant additional capital and other resources to protect against and remedy any potential or existing security breaches and their consequences, such as additional infrastructure capacity spending to mitigate any system degradation and the reallocation of resources from development activities. Our businesses also face similar risks associated with security breaches affecting third parties with which they are affiliated or otherwise conduct business. The loss of confidence in our online commerce businesses resulting from any such security breaches or identity theft could adversely affect the business, financial condition and results of operations of our online commerce businesses and, as a result, our company.

Certain of our subsidiaries and business affiliates may fail to adequately protect their intellectual property rights or may be accused of infringing intellectual property rights of third parties. Our subsidiaries and business affiliates regard their respective intellectual property rights, including service marks, tradenames and domain names, copyrights (including their programming and their websites), trade secrets and similar intellectual property, as critical to their success. These businesses also rely heavily upon software codes, informational databases and other components that make up their products and services. From time to time, these businesses are subject to legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of the tradenames, patents, copyrights and other intellectual property rights of third parties. In addition, litigation may be necessary to enforce the intellectual property rights of these businesses, protect trade secrets or to determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect the business, financial condition and results of operations of these businesses and in turn our financial condition and results of operations. The failure of these businesses to protect their intellectual property rights, particularly their proprietary brands, in a meaningful manner or third party challenges to related contractual rights could result in erosion of brand names and limit the ability of these businesses to control marketing on or through the Internet using their various domain names, which could adversely affect the business, financial condition and results of operations of these businesses, as well as the financial condition and results of operations of our company.

Our home television and online commerce businesses rely on independent shipping companies to deliver the products they sell.Our home television and online commerce businesses rely on third party carriers to deliver merchandise from vendors and manufacturers to them and to ship merchandise to their customers. As a result, they are subject to carrier disruptions and delays due to factors that are beyond their control, including employee strikes, inclement weather and regulation and enforcement actions by customs agencies. Any failure to deliver products to their customers in a timely and accurate manner may damage their reputation and brand and could cause them to lose customers. Enforcement actions 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 they operate, they 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 under its contract for any reason, these businesses would have to work with other shipping companies to deliver merchandise to customers, which would most likely be at less favorable rates. Other potential adverse consequences of changing carriers include reduced visibility of order status and package tracking, delays in order processing and product delivery, and reduced shipment quality, which may result in damaged products and customer dissatisfaction. Any increase in shipping rates and related fuel and other surcharges passed on to these businesses by their current carriers or any other shipping company would adversely impact profits, given that these businesses may not be able to pass these increased costs directly to customers or offset them by increasing prices without a detrimental effect on customer demand.

Certain of our businesses face significant inventory risk.Certain of our businesses are exposed to significant inventory risks that may adversely affect their operating results as a result of seasonality, new product launches, rapid changes in product cycles and pricing, defective merchandise, changes in consumer demand, consumer spending patterns, changes in consumer tastes with respect to their products and other factors. These businesses endeavor to accurately predict these trends and avoid overstocking or understocking products they sell. Demand for products, however, can change significantly between the time inventory or components are ordered and the date of sale. In addition, when these businesses begin selling a new product, it may be difficult to establish vendor relationships, determine appropriate product or component selection, and accurately forecast demand. The acquisition of certain types of inventory or components may require significant lead-time and prepayment and they may not be returnable. These businesses carry a broad selection and significant inventory levels of certain products, and they may be unable to sell products in sufficient quantities or during the relevant selling seasons. Any one of the inventory risk factors set forth above may adversely affect their operating results.

The seasonality of certain of our businesses places increased strain on their operations. The net revenue of our home television and online commerce businesses in recent years indicates that these businesses are seasonal due to a higher volume of sales in certain months or calendar quarters or related to particular holiday shopping. For example, in recent years, QVC has earned, on average, between 22% and 23% of its global revenue in each of the first three quarters of the year and 32% of its global revenue in the fourth quarter of the year. Similarly, our subsidiary Cornerstone experiences higher sales volume during the second and fourth quarters of the year. Our subsidiary Zulily experiences a stronger third quarter during the back-to-school shopping season and stronger fourth quarter due to the holiday shopping season. If the vendors for these businesses are not able to provide popular products in sufficient amounts such that these businesses fail to meet customer demand, it could significantly affect their revenue and future growth. If too many customers access the websites of these businesses within a short period of time due to increased demand, our businesses may experience system interruptions that make their websites unavailable or prevent them from efficiently fulfilling orders, which may reduce the volume of goods they sell and the attractiveness of their products and services. In addition, they may be unable to adequately staff their fulfillment and customer service centers during these peak periods and delivery and other third party shipping (or carrier) companies may be unable to meet the seasonal demand. To the extent these businesses pay for holiday merchandise in advance of certain holidays (e.g., in the case of QVC, in August through November of each year), their available cash may decrease, resulting in less liquidity.

Our subsidiaries offer their installment payment option on most of their merchandise and, in certain circumstances offer it as the default payment option. The failure of our subsidiaries QVC U.S., QVC International, HSN and Zulily to effectively manage the Easy-Pay, Flexpay, Smart-Pay and revolving credit card programs as applicable, could negatively impact our results of operations. QVC offers an installment payment option in all of its markets other than Japan, which is available on certain merchandise it sells. This installment payment option is called "Easy-Pay" at QVC-U.S. and in the U.K., "Q-Pay" in Germany and Italy, and "Flex-Pay" at HSN. QVC's installment payment option is currently offered on most of its merchandise and for QVC U.S. website and mobile sales and QVC U.K. mobile sales, is set as the default payment option on all products on which it is offered. Full payment for merchandise at the time of sale would require the customer to affirmatively change to that option. QVC's installment payment option, when offered, allows customers to pay for certain merchandise in multiple interest-free monthly installments. When the installment payment option is offered by QVC U.S. and QVC International and elected by the customer (or if the customer inadvertently purchases merchandise using the installment payment option because it was the default payment option), the first installment is typically billed to the customer's credit or debit card upon shipment. Generally, the customer's credit or debit card is subsequently billed in additional monthly installments until the total purchase price of the products has been billed. QVC U.S. and QVC International cannot predict whether customers will pay their installments when due or at all, regardless of whether the customer would have preferred to pay in one lump-sum but did not opt out of the installment payment option. Accordingly, QVC maintains an allowance for customer bad debts arising from these late and unpaid installments. This provision for customer bad debts is provided as a percentage of accounts receivable based on QVC's historical experience in the period of sale and is included within selling, general and administrative expense. To the extent that customers elect installment payment options at greater rates, or to the extent the number of customers failing to opt out of the default installment payment option increases, QVC would be required to maintain a greater allowance for customer bad debt and to the extent that installment payment option losses exceed historical levels, our and QVC's results of operations may be negatively impacted.

Zulily offers Smart-pay, a program which customers may pay for certain merchandise in two or three payments. Zulily maintains allowances for estimated losses resulting from the inability of customers to make required payments. Actual losses due to the inability of customers to make required payments may increase in a given period or exceed related estimates. Zulily may experience these losses at greater rates, which will require it to maintain greater allowances for doubtful accounts of estimated losses than it has historically.

Federal and state rules and regulations governing various consumer lending practices apply in the jurisdictions where we operate. Although we do not charge interest or impose finance charges as part of our installment payment option, changes in how these rules are interpreted and applied could result in changes to our installment program, and failure to comply with these rules and regulations could result in the imposition of fines and penalties, any of which could have an adverse effect on our results of operations.

In addition, QVC U.S., HSN and Zulily have agreements with a large consumer financial institution (the "Bank") pursuant to which the Bank provides revolving credit directly to U.S. customers for the sole purpose of purchasing merchandise from QVC U.S., HSN and Zulily with a branded credit card (For QVC U.S. the "Q Card", for HSN the "HSN Credit Card" and for Zulily the "Zulily Credit Card"). QVC U.S., HSN and Zulily receive a portion of the net economics of the respective credit card programs. We cannot predict the extent to which QVC U.S., HSN and Zulily's customers will use the Q Card, the HSN Credit Card, or the Zulily Credit Card nor the extent that they will make payments on their outstanding balances.

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. Our home television and online commerce subsidiaries and business affiliates have business models that require them to recruit and retain key employees, including management, with the skills necessary for a unique business that demands knowledge of the general retail industry, television production, direct to consumer marketing and fulfillment and the Internet. We cannot assure you that if these subsidiaries and business affiliates experience turnover of these key employees they will be able to recruit and retain acceptable replacements because the market for such employees is very competitive and limited.

Certain of our subsidiaries and business affiliates have operations outside of the U.S. that are subject to numerous operational and financial risks. Certain of our subsidiaries and business affiliates have operations in countries other than the U.S. that are subject to the following risks inherent in international operations:

- fluctuations in currency exchange rates;
- longer payment cycles for sales in foreign countries that may increase the uncertainty associated with recoverable accounts;
- recessionary conditions and economic instability, including fiscal policies that are implementing austerity measures in certain countries, which are affecting overseas markets;
- limited ability to repatriate funds to the U.S. at favorable tax rates;
- potentially adverse tax consequences;
- export and import restrictions, changes in tariffs, trade policies and trade relations;
- increases in taxes and governmental royalties and fees;
- the ability to obtain and maintain required licenses or certifications, such as for web services and electronic devices, that enable us to operate our businesses in foreign jurisdictions;
- changes in foreign and U.S. laws, regulations and policies that govern operations of foreign-based companies;
- changes to general consumer protection laws and regulations;
- difficulties in staffing and managing international operations as a result of distance, language and cultural differences; and
- threatened and actual terrorist attacks, political unrest in international markets and ongoing military action around the world that may result in disruptions of service that are critical to QVC's international businesses.

Moreover, in many foreign countries, particularly in certain developing economies, it is not uncommon to encounter business practices that are prohibited by certain regulations, such as the Foreign Corrupt Practices Act and similar laws. Although certain of our subsidiaries and business affiliates have undertaken compliance efforts with respect to these laws, their respective employees, contractors and agents, as well as those companies to which they outsource certain of their business operations, may take actions in violation of their policies and procedures. Any such violation, even if prohibited by the policies and procedures of these subsidiaries and business affiliates or the law, could have certain adverse effects on the financial condition of these subsidiaries and business affiliates. Any failure by these subsidiaries and business affiliates to effectively manage the challenges associated with the international operation of their businesses could materially adversely affect their, and hence our, financial condition.

Significant developments stemming from the negotiation of trade agreements or the Brexit vote could have a material adverse effect on our businesses. The President of the U.S. has expressed apprehension towards trade agreements, such as the Trans-Pacific Partnership, and suggested that the U.S. would renegotiate or withdraw from certain trade agreements. He has also advocated for and imposed tariffs on certain goods imported into the U.S., particularly from China and Europe. On January 23, 2017, the President of the U.S. signed a presidential memorandum to withdraw the U.S. from the Trans-Pacific Partnership. On October 1, 2018, the U.S., Mexico and Canada agreed to the terms of the United States-Mexico-Canada Agreement (the "USMCA"), a successor to the North American Free Trade Agreement ("NAFTA"), which will impact imports and exports among those countries. The countries agreed to a revised version of the USMCA on December 10, 2019. The USMCA has only been ratified by Mexico and the U.S. Once ratified by the legislature of Canada, the USMCA would be enacted and replace NAFTA. As of the date of this report, there is some uncertainty about whether the USMCA will be ratified by Canada, as well as the timing thereof, and the potential for further re-negotiation, or even termination, of NAFTA. Also, the USMCA could undergo further changes that lead to additional modifications of certain USMCA provisions before being passed into law. These and other proposed actions, if implemented, could adversely affect our businesses that sell imported products.

Additionally, the Brexit process and negotiations have created political and economic uncertainty, particularly in the U.K. and the E.U., and this uncertainty may last for years. On June 23, 2016, the U.K. held a referendum in which voters approved, on an advisory basis, an exit from the E.U. The U.K. formally left the E.U. on January 31, 2020. This has resulted in a transition period during which the E.U.-U.K. trade relationship will not change, and the U.K. will remain part of the E.U. Customs Union and Single Market, subject to all E.U. trade law. During the transition period, the E.U. and the U.K. will negotiate their new economic and security relationship, including a new agreement on trade. The transition will last until December 31, 2020, which can be extended for up to two years if the E.U. and the U.K. agree to do so. However, at present, the U.K. government's stated intention is not to seek or agree to an extension. A "no deal" outcome on trade remains a possibility if the E.U. and the U.K. fail to conclude a new trade agreement before December 31, 2020 and the transition period is not extended. In that case, with effect from January 1, 2021, the basis for E.U.-U.K. trade would automatically default to World Trade Organization terms.

The potential impacts, if any, of the considerable uncertainty relating to Brexit or the resulting terms of the new economic and security relationship between the U.K. and the E.U. on the free movement of goods, services, people and capital between the U.K. and the E.U., customer behavior, economic conditions, interest rates, currency exchange rates, availability of capital or other matters are unclear. QVC's business could be affected with respect to these matters during this period of uncertainty, and perhaps longer depending on the resulting terms. In particular, QVC's business could be negatively affected by new trade agreements between the U.K. and other countries, including the U.S., and by the possible imposition of trade or other regulatory barriers in the U.K. which could result in shipping delays and the shortage of products sold by it. Additionally, the U.K. economy and consumer demand in the U.K., including for QVC's products, could be negatively impacted. Further, various geopolitical forces related to Brexit may impact the global economy, the European economy and our businesses, including, for example, due to other E.U. member states where our businesses have operations proposing referendums to, or electing to, exit the E.U. These possible negative impacts, and others resulting from the U.K.'s withdrawal from the E.U., may adversely affect our operating results.

Our businesses could be negatively affected by changes in third-party digital platform algorithms and dynamics as well as their inability to monetize the resulting web traffic. The success of our online commerce businesses depends on a high degree of website traffic, which is dependent on many factors, including the availability of appealing website content, user loyalty and new user generation from various digital marketing channels that charge a fee. Third-party digital platforms, such as Google and Facebook, frequently update and change the logic that determines the placement and display of results of a user's search, or advertiser content, such that the purchased or algorithmic placement of advertisements or links to the websites of our online commerce businesses can be negatively affected. If a major search engine or third-party digital platform changes its algorithms in a manner that negatively affects their paid advertisement distribution or unpaid search ranking, the business and financial performance of our online commerce businesses would be adversely affected, potentially to a material extent. Furthermore, the failure of our online commerce businesses to successfully manage their digital marketing strategies could result in a substantial decrease in traffic to their websites, as well as increased costs if they were to replace free traffic with paid traffic. Even if our online commerce businesses are successful in generating a high level of website traffic, no assurance can be given that our online commerce businesses will be successful in achieving repeat user loyalty or that new visitors will explore the offerings on their sites. Monetizing this traffic by converting users to consumers is dependent on many factors, including availability of inventory, consumer preferences, price, ease of use and website quality. No assurance can be given that the fees paid to third-party digital platforms will not exceed the revenue generated by their visitors. Any failure to sustain user traffic or to monetize such traffic could materially adversely affect the financial performance of our online commerce businesses and, as a result, adversely affect our financial results.

Our businesses may experience difficulty in the ongoing development, implementation and customer acceptance of applications for personal electronic devices, which could harm their business. Although our online commerce businesses have developed services and applications to address user and consumer interaction with website content on personal electronic devices, such as smartphones and tablets, the ways in which consumers use or rely on these personal electronic devices is continually changing. If the services or applications we develop in response to changes in consumer behavior are less effective or are not accepted by consumers, our online commerce businesses may experience difficulty attracting and retaining traffic and, in turn, advertisers, on these platforms. Any failure to attract and retain traffic on these personal electronic devices could materially adversely affect the financial performance of our online commerce businesses and, as a result, adversely affect our financial results. Additionally, as new devices and new platforms are continually being released, it is difficult to predict the challenges that may be encountered in developing versions of our online commerce businesses' offerings for use on these alternative devices, and our online commerce businesses may need to devote significant resources to the creation, support, and maintenance of their services on such devices. To the extent that revenue generated from advertising placed on smartphone computing devices becomes increasingly more important to their businesses and they fail to adequately evolve and address this market, their business and financial performance could be negatively impacted.

Our subsidiary QVC has significant indebtedness, which could limit its flexibility to respond to current market conditions, restrict its business activities and adversely affect its financial condition. As of December 31, 2019, QVC had total debt, other than its finance lease obligations, of $4,978 million, consisting of $3,873 million of secured indebtedness under its existing notes, and $1,105 million outstanding under its senior secured credit facility (excluding $130 million borrowed by Zulily under the $400 million tranche of the senior secured credit facility for which QVC and Zulily are jointly and severally liable but that QVC does not expect to repay on behalf of Zulily), in each case, secured by a first priority perfected lien on all shares of QVC's capital stock, and an additional $2.4 billion of unused capacity under its senior secured credit facility (which was subsequently reduced to $1.7 billion upon the $700 million reduction of the revolving credit facility, effective February 4, 2020). In addition, QVC had $181 million of finance lease obligations and $218 million of operating lease liabilities. QVC may incur significant additional indebtedness in the future. If new indebtedness is added to QVC's current debt levels, the related risks that it now faces could intensify. The indebtedness of QVC, combined with other financial obligations and contractual commitments, could among other things:

- increase QVC's vulnerability to general adverse economic and industry conditions;
- require a substantial portion of QVC's cash flow from operations to be dedicated to the payment of principal and interest on its indebtedness;
- limit QVC's ability to use cash flow or obtain additional financing for future working capital, capital expenditures or other general corporate purposes, which reduces the funds available to it for operations and any future business opportunities;
- limit flexibility in planning for, or reacting to, changes in its business and the markets in which it operates;
- competitively disadvantage QVC compared with competitors that have less debt;
- limit QVC's ability to borrow additional funds or to borrow funds at rates or on other terms that it finds acceptable; and
- expose QVC to the risk of increased interest rates because certain of QVC's borrowings, including borrowings under its credit facility, are at variable interest rates.

In addition, it is possible that QVC may need to incur additional indebtedness in the future in the ordinary course of business. If new debt is added to its current debt levels, the risks described above could intensify. If QVC experiences adverse effects on its financial condition as a result of their indebtedness, our financial performance could be adversely affected as well.

QVC may need to refinance its indebtedness. Although QVC expects to refinance or otherwise repay its indebtedness, it may not be able to refinance its indebtedness on commercially reasonable terms or at all. The financial terms or covenants of any new credit facility, notes or other indebtedness may not be as favorable as those under its senior secured credit facility and its existing notes. QVC's ability to complete a refinancing of its senior secured credit facility and its existing notes prior to their respective maturities will depend on its financial and operating performance, its credit rating with rating agencies, as well as a number of conditions beyond its control. For example, if disruptions in the financial markets were to exist at the time that it intended to refinance this indebtedness, it might be restricted in its ability to access the financial markets. If QVC is unable to refinance its indebtedness, its alternatives would include negotiating an extension of the maturities of its senior secured credit facility and its existing notes with the lenders and seeking or raising new equity capital. If QVC were unsuccessful, the lenders under its senior secured credit facility and the holders of its existing notes could demand repayment of the indebtedness owed to them on the relevant maturity date, which could adversely affect its and our financial condition.

Covenants in QVC's debt agreements restrict its business in many ways. QVC's senior secured credit facility and the indentures governing its notes contain various covenants that limit its ability and/or its restricted subsidiaries' ability to, among other things:

- incur or assume liens or additional debt or provide guarantees in respect of obligations of other persons;
- pay dividends or make distributions or redeem or repurchase capital stock;
- prepay, redeem or repurchase debt;
- make loans, investments and capital expenditures;
- enter into agreements that restrict distributions from its subsidiaries;
- sell assets and capital stock of its subsidiaries;
- enter into sale and leaseback transactions;
- enter into certain transactions with affiliates;
- consolidate or merge with or into, or sell substantially all of its assets to, another person; and
- designate its subsidiaries as unrestricted subsidiaries.

In addition, QVC's senior secured credit facility contains restrictive covenants and requires it to maintain a specified leverage ratio. QVC's ability to meet this leverage ratio test can be affected by events beyond its control, and it may be unable to meet those tests. A breach of any of these covenants could result in a default under QVC's senior secured credit facility, which in turn could result in a default under the indentures governing its notes. Upon the occurrence of an event of default under QVC's senior secured credit facility, the lenders could elect to declare all amounts outstanding under its senior secured credit facility to be immediately due and payable and terminate all commitments to extend further credit. If QVC were unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure that indebtedness. QVC's senior secured credit facility, its notes and certain future indebtedness are secured by a first priority perfected lien in all shares of its capital stock. If the lenders and counterparties under QVC's senior secured credit facility, its notes and certain future indebtedness accelerate the repayment of obligations, it may not have sufficient assets to repay such obligations. QVC's borrowings under its senior secured credit facility are, and are expected to continue to be, at variable rates of interest and expose it to interest rate risk. If interest rates increase, QVC's debt service obligations on the variable rate indebtedness will also increase even though the amount borrowed remains the same, and QVC's net income would decrease.

We may fail to realize the potential benefits of the acquisition of HSN or those benefits may take longer to realize than expected. We believe there are significant benefits and synergies that may be realized through leveraging the scale, vendor relationships, merchandizing expertise and customer base of QVC U.S. and HSN. However, the efforts to realize these benefits and synergies will be a complex process and may disrupt each company's existing operations if not implemented in a timely and efficient manner. If the respective managements of Qurate Retail, QVC U.S. and HSN are unable to minimize the potential disruption to their respective businesses and operations during this period, we may not realize the anticipated benefits of the acquisition of HSN. Realizing these benefits may depend in part on the efficient coordination and alignment of various functions, including marketing, merchandising, buying expertise, customer acquisition and the integration of certain administrative functions, while maintaining adequate focus on QVC U.S.'s and HSN's core businesses. QVC U.S., HSN and Zulily engage in transactions relating to personnel, sales, sourcing of merchandise, marketing initiatives, fulfillment integration and business advisory services with the expectation that these transactions will result in various synergies including, among other things, enhanced revenues, procurement cost savings and operating efficiencies, innovation and sharing of best practices. However, they may not realize these anticipated benefits. We currently anticipate that these efforts will continue for the foreseeable future.

Our operating expenses are expected to increase over the near term due to the increased headcount, expanded operations and changes related to the assimilation of HSN. In addition, we have incurred expenses related to the acquisition of HSN, which may adversely affect our financial results. To the extent that our expenses increase but revenue does not increase commensurately, there are unanticipated expenses related to the assimilation process, there are significant costs associated with presently unknown liabilities, or if the foregoing charges and expenses are larger than anticipated, our consolidated business, operating results and financial condition may be adversely affected. Failure to timely implement, or problems with implementing, the post-acquisition strategy for HSN also may adversely affect the trading price of our common stock.

We depend on the continued growth of e-commerce in general and Zulily depends on the flash sales model in particular. The business of selling products over the Internet, particularly on the flash sales model, is dynamic and evolving. The market segment for the flash sales model has grown significantly, and this growth may not be sustainable. If customers cease to find the flash sales model shopping experience fun, entertaining and a good value, or otherwise lose interest in shopping in this manner, Zulily may not acquire new customers at rates consistent with its historical or projected periods, and existing customers' buying patterns and levels may be less than historical or projected rates. If Zulily is unable to successfully deliver emails or mobile alerts to its subscribers, or if subscribers decline to open its emails or mobile alerts, Zulily's net sales and profitability would be adversely affected. In addition, changes in how webmail application providers, such as Google Inc. and Yahoo! Inc., prioritize, filter and deliver email may also reduce the number of subscribers opening Zulily's emails which may also result in a decline in net sales. If the market segment for the flash sales model were to become saturated or decline overall, Zulily may not be able to acquire new customers or engage existing customers, which could adversely affect our financial condition and operating results.

We do not have the right to manage our business affiliates, which means we are not able to cause those business affiliates to act in a manner that we deem desirable. We do not have the right to manage the businesses or affairs of any of our business affiliates (generally those companies in which we have less than a majority voting stake). Rather, our rights may take the form of representation on the board of directors or similar committee that supervises management or possession of veto rights over significant or extraordinary actions. The scope of our veto rights varies from agreement to agreement. Although our board representation and veto rights may enable us to exercise influence over the management or policies of a business affiliate, enable us to prevent the sale of material assets by a business affiliate in which we own less than a majority voting interest or prevent a business affiliate from paying dividends or making distributions to its stockholders or partners, they will not enable us to cause these actions to be taken as these companies are business affiliates in which we own a partial interest.

We have overlapping directors and officers with Liberty Media Corporation ("LMC"), Liberty TripAdvisor Holdings, Inc. ("TripAdvisor Holdings"), Liberty Broadband, and GCI Liberty, which may lead to conflicting interests. As a result of certain transactions that occurred between 2011 and 2018 that resulted in the separate corporate existence of our company, LMC, TripAdvisor Holdings, Liberty Broadband and GCI Liberty, most of the executive officers of Qurate Retail also serve as executive officers of LMC, TripAdvisor Holdings, Liberty Broadband and GCI Liberty and there are overlapping directors. Other than GCI Liberty's current ownership of shares of Liberty Broadband's non-voting Series C common stock, none of the foregoing companies has any ownership interest in any of the others. Our executive officers and the members of our company's board of directors have fiduciary duties to our stockholders. Likewise, any such persons who serve in similar capacities at LMC, TripAdvisor Holdings, Liberty Broadband or GCI Liberty have fiduciary duties to that company's stockholders. Therefore, such persons may have conflicts of interest or the appearance of conflicts of interest with respect to matters involving or affecting more than one of the companies to which they owe fiduciary duties. For example, there may be the potential for a conflict of interest when our company, LMC, TripAdvisor Holdings, Liberty Broadband or GCI Liberty looks at acquisitions and other corporate opportunities that may be suitable for each of them. Moreover, most of our company's directors and officers own LMC, TripAdvisor Holdings, Liberty Broadband and/or GCI Liberty stock and equity awards. These ownership interests could create, or appear to create, potential conflicts of interest when the applicable individuals are faced with decisions that could have different implications for our company, LMC, TripAdvisor Holdings, Liberty Broadband and/or GCI Liberty. Any potential conflict that qualifies as a "related party transaction" (as defined in Item 404 of Regulation S-K under the Securities Act of 1933, as amended) is subject to review by an independent committee of the applicable issuer's board of directors in accordance with its corporate governance guidelines. Each of Liberty Broadband, TripAdvisor Holdings and GCI Liberty has renounced its rights to certain business opportunities and their respective restated certificate of incorporation contains provisions deeming directors and officers not in breach of their fiduciary duties in certain cases for directing a corporate opportunity to another person or entity (including LMC, TripAdvisor Holdings, Liberty Broadband and GCI Liberty) instead of such company. Any other potential conflicts that arise will be addressed on a case-by-case basis, keeping in mind the applicable fiduciary duties owed by the executive officers and directors of each issuer. From time to time, we may enter into transactions with LMC, TripAdvisor Holdings, Liberty Broadband or GCI Liberty and/or their subsidiaries or other affiliates. There can be no assurance that the terms of any such transactions will be as favorable to our company, LMC, TripAdvisor Holdings, Liberty Broadband or GCI Liberty or any of their respective subsidiaries or affiliates as would be the case where there is no overlapping officer or director.

A substantial portion of our consolidated debt is held above the operating subsidiary level, and we could be unable in the future to obtain cash in amounts sufficient to service that debt and our other financial obligations. As of December 31, 2019, our wholly-owned subsidiary LI LLC had $2,238 million principal amount of publicly-traded debt outstanding. LI LLC is a holding company for all of our subsidiaries and investments. Our ability to meet the financial obligations of LI LLC and our other financial obligations will depend on our ability to access cash. Our sources of cash include our available cash balances, net cash from operating activities, dividends and interest from our investments, availability under credit facilities at the operating subsidiary level, monetization of our public investment portfolio and proceeds from asset sales. There are no assurances that we will maintain the amounts of cash, cash equivalents or marketable securities that we maintained over the past few years. The ability of our operating subsidiaries to pay dividends or to make other payments or advances to us or LI LLC depends on their individual operating results, any statutory, regulatory or contractual restrictions to which they may be or may become subject and the terms of their own indebtedness, including QVC's credit facility and bond indentures. The agreements governing such indebtedness restrict sales of assets and prohibit or limit the payment of dividends or the making of distributions, loans or advances to stockholders and partners. Neither we nor LI LLC will generally receive cash, in the form of dividends, loans, advances or otherwise, from our business affiliates. See "We do not have the right to manage our business affiliates, which means we are not able to cause those affiliates to act in a manner that we deem desirable" above.

We have disposed of certain of the reference shares underlying the exchangeable debentures of LI LLC, which exposes us to liquidity risk. LI LLC currently has outstanding multiple tranches of exchangeable debentures in the aggregate principal amount of $1,447 million as of December 31, 2019. Under the terms of these exchangeable debentures, the holders may elect to require LI LLC to exchange the debentures for the value of a specified number of the underlying reference shares, which LI LLC may honor through delivery of reference shares, cash or a combination thereof. Also, LI LLC is required to distribute to the holders of its exchangeable debentures any cash, securities (other than publicly traded securities, which would themselves become reference shares) or other payments made by the issuer of the reference shares in respect of those shares. The principal amount of the debentures will be reduced by the amount of any such required distributions other than regular cash dividends. LI LLC has disposed of some of the reference shares underlying certain of these exchangeable debentures. For example, in connection with the Transactions, our company contributed its entire equity interest in Charter Communications, Inc. to GCI Liberty. Shares of Charter serve as the underlying reference shares for the 1.75% Exchangeable Debentures. Pursuant to a reorganization agreement and indemnification agreement entered into in connection with the Transactions, our company, LI LLC and GCI Liberty agreed to cooperate with, and reasonably assist each other with respect to, the commencement and consummation of one or more privately negotiated transactions with respect to the 1.75% Exchangeable Debentures within six months of the closing of the Transactions. In June 2018, Qurate Retail repurchased 417,759 of the 1.75% Exchangeable Debentures, and GCI Liberty made a payment under the indemnification agreement to Qurate Retail in the amount of $133 million. Following the initial six month period, the remaining indemnification from GCI Liberty to LI LLC for certain payments made to a holder of the 1.75% Exchangeable Debentures pertains to the holder's ability to exercise its exchange right according to the terms of the 1.75% Exchangeable Debentures on or before October 5, 2023. However, we cannot give any assurance as to whether GCI Liberty will fulfill its indemnification obligations pursuant to the indemnification agreement.

As a result of LI LLC having disposed of these reference shares, any exercise of the exchange right by, or required distribution of cash, securities or other payments to, holders of such debentures will require that LI LLC fund the required payments from its own resources, which will depend on the availability of cash or other sources of liquidity to LI LLC at that time. Additionally, in the event all reference shares underlying a series of exchangeable debentures are liquidated or otherwise cease to be outstanding without replacement, there is a possibility that the treatment of tax matters associated with that series could change. This may include acceleration of tax liabilities that are recorded as deferred tax liabilities in our financial statements, in amounts that would be significant.

Transactions in our common stock by our insiders could depress the market price of our common stock. Sales of or hedging transactions such as collars relating to our shares by John C. Malone, a director of our company and our former Chairman of the Board, Gregory B. Maffei, our former Chief Executive Officer and current Chairman of the Board, or Michael George, our current Chief Executive Officer, or any of our other directors or executive officers could cause a perception in the marketplace that our stock price has peaked or that adverse events or trends have occurred or may be occurring at our company. This perception can result notwithstanding any personal financial motivation for these insider transactions. As a result, insider transactions could depress the market price for shares of one or more series of our common stock.

It may be difficult for a third party to acquire us, even if doing so may be beneficial to our stockholders. 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 that entitles the holders to ten votes per share, a Series A common stock that entitles the holder to one vote per share, and a Series C common stock 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.

John C. Malone, a director of our company and our former Chairman of the Board, beneficially owns shares representing the power to direct approximately 41% of the aggregate voting power in our company, due to his beneficial ownership of approximately 94% of the outstanding shares of our Series B Qurate Retail common stock as of January 31, 2020.

We have identified a material weakness in our internal control over financial reporting, that, if not properly remediated, could adversely affect our business and results of operations. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis. As described in "Item 9A. Controls and Procedures," we have concluded that our internal control over financial reporting was ineffective as of December 31, 2019 due to a material weakness that was first disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018 and continues to be unremediated in full. The identified material weakness that remained unremediated at December 31, 2019 relates to information technology general controls ("ITGCs") in QVC's Germany business. Specifically, the ITGCs were not consistently designed and operating effectively to ensure that access to certain financially significant applications and data, were adequately restricted to appropriate personnel. Our business process controls (automated and manual) that are dependent on the affected ITGCs were also deemed ineffective because they could have been adversely impacted.

While the control deficiencies did not result in any identified misstatements, a reasonable possibility exists that a material misstatement to the annual or interim consolidated financial statements and disclosures will not be prevented or detected on a timely basis.

As further described in "Item 9A. Controls and Procedures," we are taking the necessary steps to remediate the material weakness. However, as the reliability of the internal control process requires repeatable execution, the successful on-going remediation of this material weakness will require on-going review and evidence of effectiveness prior to concluding that the controls are effective. Therefore, we cannot assure you that the remediation efforts will remain effective following their completion in the future or that additional or similar material weaknesses will not develop or be identified.

Implementing any further changes to our internal controls may distract our officers and employees and entail material costs to implement new processes and/or modify our existing processes. Moreover, these changes do not guarantee that we will be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could harm our business. In addition, investors' perceptions that our internal controls are inadequate or that we are unable to produce accurate financial statements on a timely basis may harm the price of our common stock.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We lease our corporate headquarters in Englewood, Colorado under a facilities agreement with LMC. All of our other real or personal property is owned or leased by our subsidiaries and business affiliates.

QxH owns its corporate headquarters and operations center in West Chester, Pennsylvania which consists of office space and includes executive offices, video broadcast studios, showrooms, broadcast facilities and administrative offices. QxH owns call centers in San Antonio, Texas and Chesapeake, Virginia. QxH owns a multi-functional building in St. Petersburg, Florida. QxH owns distribution centers in Lancaster, Pennsylvania; Piney Flats, Tennessee; Suffolk, Virginia;

Rocky Mount, North Carolina; Florence, South Carolina; and Ontario, California and leases a distribution center in Bethlehem, Pennsylvania.

QVC International owns call centers in Bochum and Kassel, Germany; and Chiba-Shi, Japan. QVC International owns distribution centers in Chiba, Japan; and Hückelhoven, Germany. Additionally, QVC International owns multi-functional buildings in Knowsley, United Kingdom; Chiba, Japan; Brugherio, Italy; and Dusseldorf, Germany, and leases a multi-functional building in London, U.K.

Zulily leases its corporate headquarters in Seattle, Washington, fulfillment centers in Lockbourne, Ohio, McCarran, Nevada, Bethlehem, Pennsylvania, and corporate offices in Gahanna, Ohio and Shenzhen, China.

Cornerstone owns an office and storage facility in Franconia, New Hampshire. Cornerstone leases its fulfillment centers in Butler and Warren Counties in Ohio and Phoenix, Arizona. It also leases other properties consisting of administrative offices, 20 retail stores and outlets, and photo centers in various locations throughout the United States.

Our other subsidiaries and business affiliates own or lease the fixed assets necessary for the operation of their respective businesses, including office space, transponder space, headends, cable television and telecommunications distribution equipment and telecommunications switches.

Item 3. Legal Proceedings

None.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Each series of the common stock of Qurate Retail, Inc. (formerly named Liberty Interactive Corporation, "Qurate Retail," the "Company," "we," "us" and "our") trades on the Nasdaq Global Select Market. Our Series A and Series B QVC Group common stock traded on the Nasdaq Global Select Market under the symbols "QVCA" and "QVCB," respectively. On May 23, 2018, the Company filed its restated certificate of incorporation, which (i) eliminated the tracking stock capitalization structure of the Company and (ii) reclassified each outstanding share of our Series A and Series B QVC Group common stock into one share of our Series A and Series B common stock, respectively. Following the reclassification, our Series A and Series B common stock continued trading on the Nasdaq Global Select Market, but under the symbols "QRTEA" and "QRTEB." Stock price information for securities traded on the Nasdaq Global Select Market can be found on the Nasdaq's website at www.nasdaq.com. Although the reclassification resulted in stock name and related ticker symbol changes, historical information for our Series B QVC Group common stock refers to such stock herein as our Series B common stock. The following table sets forth the range of high and low sales prices of shares of our Series B common stock for the years ended December 31, 2019 and 2018. Although our Series B common stock is traded on the Nasdaq Global Select Market, an established public trading market does not exist for the stock, as it is not actively traded.

	Qurate Retail		
	Series B (QRTEB)		
		High	Low
2018			
First quarter	$	28.90	24.49
Second quarter	$	25.46	20.32
Third quarter	$	23.09	19.62
Fourth quarter	$	24.24	18.47
2019			
First quarter	$	22.37	15.91
Second quarter	$	17.50	11.62
Third quarter	$	14.62	10.10
Fourth quarter	$	10.62	7.84

Holders

As of January 31, 2020, there were 2,449 and 70 record holders of our Series A and Series B Qurate Retail common stock, respectively. The foregoing numbers of record holders do not include the number of stockholders whose shares are held nominally by banks, brokerage houses or other institutions, but include each such institution as one shareholder.

Dividends

We have not paid any cash dividends on our common stock, and we have no present intention of so doing. Payment of cash dividends, if any, in the future will be determined by our board of directors in light of our earnings, financial condition and other relevant considerations. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operation – Liquidity and Capital Resources."

Securities Authorized for Issuance Under Equity Compensation Plans

Information required by this item is incorporated by reference to our definitive proxy statement for our 2020 Annual Meeting of Stockholders.

Purchases of Equity Securities by the Issuer

Share Repurchase Programs

In May 2019, the board authorized the repurchase of $500 million of Series A or Series B Qurate Retail common stock. There were no repurchases of Series A or Series B Qurate Retail common stock during the three months ended December 31, 2019. As of December 31, 2019, $497 million was available to be used for share repurchases of Series A or Series B Qurate Retail common stock under the Company's share repurchase program.

34,535 shares of Series A Qurate Retail common stock were surrendered by certain of our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock during the three months ended December 31, 2019.

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. Certain prior period amounts have been reclassified for comparability with the current year presentation. The following data should be read in conjunction with our consolidated financial statements.

	December 31,				
	2019	2018	2017	2016	2015
	amounts in millions				
Summary Balance Sheet Data:					
Cash and cash equivalents	$ 673	653	903	825	2,449
Investments in available-for-sale securities and other cost investments	$ 76	96	2,363	1,922	1,353
Intangible assets not subject to amortization (1)	$ 9,744	10,912	11,011	9,354	9,485
Noncurrent assets of discontinued operations (2) (3)	$ —	—	3,635	3,161	927
Total assets	$ 17,305	17,841	24,122	20,355	21,180
Long-term debt	$ 5,855	5,963	7,553	7,166	7,481
Deferred income tax liabilities	$ 1,716	1,925	2,500	3,354	3,217
Noncurrent liabilities of discontinued operations (2) (3)	$ —	—	303	282	285
Total equity (1)	$ 4,972	5,744	10,083	6,861	6,875
Noncontrolling interest in equity of subsidiaries	$ 132	120	99	89	88

		Years ended December 31,			
	2019	2018	2017	2016	2015
	amounts in millions, except per share amounts				
Summary Statement of Operations Data:					
Revenue	$ 13,458	14,070	10,404	10,647	9,989
Operating income (loss)	$ 184	1,324	1,043	968	1,116
Interest expense	$ (374)	(381)	(355)	(363)	(360)
Share of earnings (losses) of affiliates, net	$ (160)	(162)	(200)	(68)	(178)
Realized and unrealized gains (losses) on financial instruments, net	$ (251)	76	145	414	114
Gains (losses) on transactions, net (1)	$ (1)	1	410	9	110
Earnings (loss) from continuing operations (3) (4):					
Qurate Retail common stock	$ (405)	722	1,254	511	674
Liberty Ventures common stock	—	101	781	264	(43)
	$ (405)	823	2,035	775	631
Basic earnings (loss) from continuing operations attributable to Qurate Retail, Inc. stockholders per common share:					
Series A and Series B Qurate Retail common stock	$ (1.08)	1.46	2.71	0.99	1.35
Series A and Series B Liberty Ventures common stock (2) (3)	$ NA	1.17	14.34	5.54	(0.36)
Diluted earnings (loss) from continuing operations attributable to Qurate Retail, Inc. stockholders per common share:					
Series A and Series B Qurate Retail common stock	$ (1.08)	1.45	2.70	0.98	1.33
Series A and Series B Liberty Ventures common stock (2) (3)	$ NA	1.16	14.17	5.49	(0.36)

(1) On December 29, 2017, the Company acquired the remaining approximately 62% of HSN, Inc. ("HSN") it did not already own in an all-stock transaction, making HSN a wholly-owned subsidiary. In conjunction with the application of acquisition accounting, the Company recorded a full step up in basis of HSN along with a gain between our historical basis and the fair value of our interest in HSN.

(2) Qurate Retail's split-off of its former wholly-owned subsidiary Liberty Expedia Holdings, Inc. ("Expedia Holdings") was effected on November 4, 2016 as a split-off through the redemption of a portion of Qurate Retail's Series A and Series B Liberty Ventures common stock for shares of Expedia Holdings. The consolidated financial statements of Qurate Retail have been prepared to reflect the Company's interest in Expedia Group, Inc. as a discontinued operation for the years ended December 31, 2016 and 2015.

(3) The GCI Liberty Split-Off (defined below) was effected on March 9, 2018. The split-off of Qurate Retail's interest in Liberty Broadband (as defined below) had a major effect on Qurate Retail's operations. Accordingly, Qurate Retail's interest in Liberty Broadband is presented as a discontinued operation for the years ended December 31, 2018, 2017 and 2016.

(4) Includes earnings (losses) from continuing operations attributable to the noncontrolling interests of $51 million, $48 million, $46 million, $39 million and $42 million for the years ended December 31, 2019, 2018, 2017, 2016, and 2015, respectively.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying consolidated financial statements and the notes thereto. Additionally, see note 2 in the accompanying consolidated financial statements for an overview of new accounting standards that we have adopted or that we plan to adopt that have had or may have an impact on our financial statements.

Overview

We own controlling and non-controlling interests in a broad range of video and online commerce companies. Our largest businesses and reportable segments are QxH (QVC U.S. and HSN) and QVC International. QVC (as defined below) markets and sells a wide variety of consumer products in the United States ("U.S.") and several foreign countries via highly engaging video-rich, interactive shopping experiences. On December 29, 2017, we acquired the approximately 62% of HSN we did not already own in an all-stock transaction (the "Merger") making HSN a wholly-owned subsidiary. On December 31, 2018, Qurate Retail transferred our 100% ownership interest in HSN to QVC, Inc. through a transaction among entities under common control. Following this transaction, Cornerstone (a former subsidiary of HSN) remains a subsidiary of Qurate Retail and is included in the "Corporate and other" reportable segment. On October 1, 2015 we acquired zulily, inc., now known as Zulily, LLC ("Zulily"), an online retailer offering customers a fun and entertaining shopping experience with a fresh selection of new product styles launched every day. Zulily is a reportable segment. References throughout this annual report to "QVC" refer to QVC, Inc., which includes HSN, QVC U.S. and QVC International.

Our "Corporate and other" category includes our consolidated subsidiary Cornerstone, along with various cost and equity method investments. See discussion below for the entities that were included in Corporate and other in prior periods.

Prior to the Transactions (described and defined below), the Company utilized tracking stocks in its capital structure. A tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. Qurate Retail had two tracking stocks—QVC Group common stock and Liberty Ventures common stock, which were intended to track and reflect the economic performance of Qurate Retail's businesses, assets and liabilities attributed to the QVC Group and the Ventures Group, respectively. The QVC Group was comprised of the Company's wholly-owned subsidiaries QVC, Zulily, HSN and Cornerstone among other assets and liabilities. The Ventures Group was comprised of businesses not included in the QVC Group including Evite, Inc. ("Evite") and our interests in Liberty Broadband Corporation ("Liberty Broadband"), LendingTree, Inc. ("LendingTree"), investments in Charter Communications, Inc. ("Charter") and ILG, Inc. ("ILG"), among other assets and liabilities (which were all included in the Corporate and other category). The Company's results are attributed to the QVC Group and the Ventures Group through March 9, 2018.

On March 9, 2018, Qurate Retail completed the transactions contemplated by the Agreement and Plan of Reorganization (as amended, the "Reorganization Agreement," and the transactions contemplated thereby, the "Transactions") among General Communication, Inc. ("GCI"), an Alaska corporation, and Liberty Interactive LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Qurate Retail ("LI LLC"). Pursuant to the Reorganization Agreement, GCI amended and restated its articles of incorporation (which resulted in GCI being renamed GCI Liberty, Inc. ("GCI Liberty")) and effected a reclassification and auto conversion of its common stock. After market close on March 8, 2018, Qurate Retail's board of directors approved the reattribution of certain assets and liabilities from Qurate Retail's Ventures Group to its QVC Group, which was effective immediately. The reattributed assets and liabilities included cash, Qurate Retail's interest in ILG, certain green energy investments, LI LLC's exchangeable debentures, and certain tax benefits.

Following these events, Qurate Retail acquired GCI Liberty through a reorganization in which certain Qurate Retail interests, assets and liabilities attributed to the Ventures Group were contributed (the "contribution") to GCI Liberty in exchange for a controlling interest in GCI Liberty. Qurate Retail and LI LLC contributed to GCI Liberty their entire equity interest in Liberty Broadband, Charter, and LendingTree, the Evite operating business and other assets and liabilities attributed to Qurate Retail's Venture Group (following the reattribution), in exchange for (a) the issuance to LI LLC of a number of shares of GCI Liberty Class A Common Stock and a number of shares of GCI Liberty Class B Common Stock equal to the number of outstanding shares of Series A Liberty Ventures common stock and Series B Liberty Ventures common stock on March 9, 2018, respectively, (b) cash and (c) the assumption of certain liabilities by GCI Liberty.

Following the contribution, Qurate Retail effected a tax-free separation of its controlling interest in the combined company (the “GCI Liberty Split-Off”), GCI Liberty, to the holders of Liberty Ventures common stock in full redemption of all outstanding shares of such stock, in which each outstanding share of Series A Liberty Ventures common stock was redeemed for one share of GCI Liberty Class A common stock and each outstanding share of Series B Liberty Ventures common stock was redeemed for one share of GCI Liberty Class B common stock. Simultaneous with the closing of the Transactions, QVC Group common stock became the only outstanding common stock of Qurate Retail, and thus QVC Group common stock ceased to function as a tracking stock. On April 9, 2018, Liberty Interactive Corporation was renamed Qurate Retail, Inc. On May 23, 2018, Qurate Retail amended its charter to eliminate the tracking stock capitalization structure and reclassify each share of QVC Group common stock into one share of the corresponding series of new common stock of Qurate Retail. Throughout this annual report, we refer to our Series A and Series B common stock as “Qurate Retail common stock” and “QVC Group common stock.” In July 2018, the Internal Revenue Service (“IRS”) completed its review of the GCI Liberty Split-Off and informed Qurate Retail that it agreed with the nontaxable characterization of the transactions. Qurate Retail received an Issue Resolution Agreement from the IRS documenting this conclusion.

On October 17, 2018, Qurate Retail announced a series of initiatives designed to better position its HSN and QVC U.S. businesses (“QRG Initiatives”). As part of the QRG Initiatives, QVC will close its fulfillment centers in Lancaster, Pennsylvania and Roanoke, Virginia and leased a new fulfillment center in Bethlehem, Pennsylvania, that commenced in 2019 (see note 9 to the accompanying consolidated financial statements). Expenditures related to the QRG Initiatives are recorded as part of transaction related costs. Qurate Retail recorded transaction related costs of $41 million during the year ended December 31, 2018, which primarily related to severance as a result of the QRG Initiatives. Also, as a result of changes in internal reporting from the QRG Initiatives, during the first quarter of 2019 the Company changed its reportable segments to combine HSN and QVC U.S. into one reportable segment called “QxH.”

Disposals

As a result of the GCI Liberty Split-Off, Qurate Retail viewed LendingTree, Evite and Liberty Broadband as separate components and evaluated them separately for discontinued operations presentation. Based on a quantitative analysis, the split-off of Qurate Retail’s interest in Liberty Broadband had a major effect on Qurate Retail’s operations. Accordingly, Qurate Retail’s interest in Liberty Broadband is presented as a discontinued operation. The disposition of Evite and LendingTree as part of the GCI Liberty Split-Off did not have a major effect on Qurate Retail’s historical results nor is it expected to have a major effect on Qurate Retail’s future operations. Accordingly, Evite and LendingTree are not presented as discontinued operations.

Strategies and Challenges

Televised Shopping Businesses. The goal of QVC is to extend its leadership in video commerce, e-commerce, mobile commerce and social commerce by continuing to create the world’s most engaging shopping experiences, combining the best of retail, media, and social, highly differentiated from traditional brick-and-mortar stores or transactional e-commerce. QVC provides customers with curated collections of unique products, made personal and relevant by the power of storytelling. QVC curates experiences, conversations and communities for millions of highly discerning shoppers, and also curates large audiences, across its many platforms, for its thousands of brand partners.

QVC intends to employ several strategies to achieve these objectives. Among these strategies are to (i) Curate special products at compelling values; (ii) Extend video reach and relevance; (iii) Reimagine daily digital discovery; (iv) Expand and engage our passionate community; and (v) Deliver joyful customer service. In addition, QVC is exploring opportunities to evolve the International operating model to pursue growth opportunities in a more leveraged way across markets.

Future net revenue growth will primarily depend on sales growth from e-commerce, mobile platforms and applications via streaming video, additions of new customers from households already receiving QVC’s broadcast programming, and increased spending from existing customers. Future net revenue may also be affected by (i) the willingness of cable television and direct-to-home satellite system operators to continue carrying QVC's programming services; (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; (iv) QVC's ability to source new and compelling products; and (v) general economic conditions.

Economic uncertainty in various regions of the world in which our subsidiaries and affiliates operate could adversely affect demand for their products and services since a substantial portion of their revenue is derived from discretionary spending by individuals, which typically falls during times of economic instability. Global financial markets have recently experienced disruptions, including increased volatility and diminished liquidity and credit availability. If economic and financial market conditions in the United States ("U.S.") or other key markets, including Japan and Europe, become uncertain or deteriorate, customers may respond by suspending, delaying, or reducing their discretionary spending. A suspension, delay or reduction in discretionary spending could adversely affect revenue. Accordingly, our businesses' ability to increase or maintain revenue and earnings could be adversely affected to the extent that relevant economic environments decline. Such weak economic conditions may also inhibit QVC's expansion into new European and other markets. The Company is currently unable to predict the extent of any of these potential adverse effects.

The Brexit process and negotiations have created political and economic uncertainty, particularly in the U.K. and the E.U., and this uncertainty may last for years. On June 23, 2016, the U.K. held a referendum in which voters approved, on an advisory basis, an exit from the E.U. The U.K. formally left the E.U. on January 31, 2020. This has resulted in a transition period during which the E.U.-U.K. trade relationship will not change, and the UK will remain part of the E.U. Customs Union and Single Market, subject to all E.U. trade law. During the transition period, the E.U. and the U.K. will negotiate their new economic and security relationship, including a new agreement on trade. The transition will last until December 31, 2020, which can be extended for up to two years if the E.U. and the U.K. agree to do so. However, at present, the U.K. government's stated intention is not to seek or agree to an extension. A "no deal" outcome on trade remains a possibility if the E.U. and the U.K. fail to conclude a new trade agreement before December 31, 2020 and the transition period is not extended. In that case, with effect from January 1, 2021, the basis for E.U.-U.K. trade would automatically default to World Trade Organization terms. The potential impacts, if any, of the considerable uncertainty relating to Brexit or the resulting terms of the new economic and security relationship between the U.K. and the E.U. on the free movement of goods, services, people and capital between the U.K. and the E.U., customer behavior, economic conditions, interest rates, currency exchange rates, availability of capital or other matters are unclear. QVC's business could be affected with respect to these matters during this period of uncertainty, and perhaps longer, depending on the resulting terms. In particular, its business could be negatively affected by new trade agreements between the U.K. and other countries, including the U.S., and by the possible imposition of trade or other regulatory barriers in the U.K. which could result in shipping delays and the shortage of products sold by QVC. Additionally, the U.K. economy and consumer demand in the U.K., including for QVC's products, could be negatively impacted. Further, various geopolitical forces related to Brexit may impact the global economy, the European economy and QVC's business, including, for example, due to other E.U. member states where QVC has operations proposing referendums to, or electing to, exit the E.U. These possible negative impacts, and others resulting from the U.K.'s withdrawal from the E.U., may adversely affect QVC's operating results.

The President of the U.S. has expressed apprehension towards trade agreements, such as the Trans-Pacific Partnership, and suggested that the U.S. would renegotiate or withdraw from certain trade agreements. He has advocated for and imposed tariffs on certain goods imported into the U.S., particularly from China. In response to these new U.S. tariffs, some foreign governments, including China, have instituted or are considering instituting tariffs on certain U.S. goods. New tariffs and other changes in U.S. trade policy could trigger retaliatory actions by affected countries. Like many other multinational corporations, QVC does a significant amount of business that could be impacted by changes to U.S. and international trade policies (including governmental action related to tariffs and trade agreements). Such changes have the potential to adversely impact the U.S. economy or certain sectors thereof, QVC's industry and the global demand for its products and, as a result, could have a material adverse effect on QVC's business, financial condition and results of operations.

On January 23, 2017, the President of the U.S. signed a presidential memorandum to withdraw the U.S. from the Trans- Pacific Partnership. On October 1, 2018, the U.S., Mexico and Canada agreed to the terms of the United States-

Mexico- Canada Agreement (the "USMCA"), a successor to the North American Free Trade Agreement ("NAFTA"), which will impact imports and exports among those countries. The countries agreed to a revised version of the USMCA on December 10, 2019. The USMCA has only been ratified by Mexico and the U.S. Once ratified by the legislature of Canada, the USMCA would be enacted and replace NAFTA. As of the date of this report, there is some uncertainty about whether the USMCA will be ratified by Canada, as well as the timing thereof, and the potential for further re-negotiation, or even termination, of NAFTA. Further, the USMCA could undergo changes that lead to further modifications of certain USMCA provisions before being passed into law. These and other proposed actions, if implemented, could adversely affect our subsidiaries because they sell imported products.

Zulily. Zulily's objective is to be the leading online retail destination for shoppers. Zulily's goal is to be part of its customers' daily routine, allowing them to visit Zulily sites and discover a selection of fresh, new and affordable merchandise curated for them every morning. Zulily intends to employ the following strategies to achieve these goals and objectives: (i) acquire new customers; (ii) increase customer loyalty and repeat purchasing; (iii) add new vendors and strengthen existing vendor relationships; (iv) invest in mobile platform and channels with which its customers want to engage; and (v) invest in low cost supply chain systems in the U.S. and cross border.

Zulily has limited contractual assurances of continued supply, pricing or access to new products, and vendors could change the terms upon which they sell to Zulily or discontinue selling to Zulily for future sales at any time. As Zulily grows, continuing to identify a sufficient number of new emerging brands and smaller boutique vendors may become more and more of a challenge. If Zulily is not able to identify and effectively promote these new brands, it may lose customers to competitors. Even if Zulily identifies new vendors, it may not be able to purchase desired merchandise in sufficient quantities or on acceptable terms in the future, and products from alternative sources, if any, may be of a lesser quality or more expensive than those from existing vendors. In addition, larger national brands may offer products that are less unique, and it may be easier for Zulily's competitors to offer such products at prices or upon terms that may be compelling to consumers. An inability to purchase suitable merchandise on acceptable terms or to source new vendors could have an adverse effect on Zulily's business.

To support its large and diverse base of vendors and its flash sales model that requires constantly changing products, Zulily must incur costs related to its merchandising team, photography studios and creative personnel. As Zulily grows, it may not be able to continue to expand its product offerings in a cost-effective manner. In addition, the variety in size and sophistication of Zulily's vendors presents different challenges to its infrastructure and operations. Zulily's emerging brands and smaller boutique vendors may be less experienced in manufacturing and shipping, which may lead to inconsistencies in quality, delays in the delivery of merchandise or additional fulfillment cost. Zulily's larger national brands may impose additional requirements or offer less favorable terms than smaller vendors related to margins and inventory ownership and risk and may also be unable to ship products timely. If Zulily is unable to maintain and effectively manage its relationships with emerging brands and smaller boutique vendors or larger national brands, Zulily's business could be adversely affected.

Results of Operations—Consolidated

General. We provide in the tables below information regarding our Consolidated Operating Results and Other Income and Expense, as well as information regarding the contribution to those items from our principal reportable segments. The "Corporate and other" category consists of our consolidated subsidiary Cornerstone, along with various cost and equity method investments. For a more detailed discussion and analysis of the financial results of the principal reporting segments, see "Results of Operations - Businesses" below.

Operating Results

	Years ended December 31,		
	2019	**2018**	**2017**
	amounts in millions		
Revenue			
QxH	$ 8,277	8,544	6,140
QVC International	2,709	2,738	2,631
Zulily	1,571	1,817	1,613
Corporate and other	901	973	23
Inter-segment eliminations	—	(2)	(3)
Consolidated Qurate Retail	$ 13,458	14,070	10,404
Former QVC Group	NA	(a)	10,381
Former Ventures Group	NA	(a)	23
Operating Income (Loss)			
QxH	$ 973	1,161	956
QVC International	354	351	353
Zulily	(1,091)	(95)	(129)
Corporate and other	(52)	(93)	(137)
Consolidated Qurate Retail	$ 184	1,324	1,043
Former QVC Group			
Former Ventures Group	NA	(a)	1,100
	NA	(a)	(57)
Adjusted OIBDA			
QxH	$ 1,536	1,630	1,455
QVC International	446	429	451
Zulily	48	108	91
Corporate and other	(1)	(13)	(47)
Consolidated Qurate Retail	$ 2,029	2,154	1,950
Former QVC Group	NA	(a)	1,977
Former Ventures Group	NA	(a)	(27)

(a) Due to the GCI Liberty Split-Off, including the redemption of outstanding shares of Liberty Ventures common stock, the Ventures Group and the QVC Group tracking stock structure no longer exists as of March 9, 2018, however amounts were attributed to the Ventures Group and the QVC Group from January 1, 2018 through March 9, 2018. Attributed to the Ventures Group was revenue of $3 million, operating loss of $8 million, and an Adjusted OIBDA loss of $5 million for the year ended December 31, 2018.

Revenue. Our consolidated revenue decreased 4.3% and increased 35.2% for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods.

QxH, Zulily and QVC International revenue decreased $267 million, $246 million and $29 million, respectively, during the year ended December 31, 2019, as compared to the same period in the prior year. See "Results of Operations - Businesses" below for a more complete discussion of the results of operations of QVC and Zulily. Corporate and other revenue decreased $72 million for the year ended December 31, 2019, as compared to the corresponding period in the prior year due to a decrease in Cornerstone revenue of $70 million due to the shutdown of one of the home brands in Cornerstone's portfolio during the fourth quarter of 2018.

QxH, Zulily and QVC International revenue increased $2,404 million, $204 million and $107 million during the year ended December 31, 2018 compared to the same period in the prior year. The QxH increase in 2018 was primarily related to the acquisition of HSN, as no HSN revenue was included in 2017 results due to the timing of the acquisition. See "Results of Operations - Businesses" below for a more complete discussion of the results of operations of QVC and Zulily. Corporate and other revenue increased $950 million for the year ended December 31, 2018, as compared to the corresponding prior year period due to the acquisition of Cornerstone which had revenue of $970 million for the year ended December 31, 2018, partially offset by a decrease in revenue due to the disposition of Evite in the GCI Liberty Split-Off ($21 million).

Operating income (loss). Our consolidated operating income decreased $1,140 million and increased $281 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods.

Zulily operating losses increased $996 million for the year ended December 31, 2019, as compared to the corresponding prior year period, primarily due to the impairment of intangible assets at Zulily during the third quarter of 2019. QxH and QVC International operating income decreased $188 million and increased $3 million, respectively, for the year ended December 31, 2019, compared to the same period in the prior year. See "Results of Operations - Businesses" below for a more complete discussion of the results of operations of QVC and Zulily. Operating losses for Corporate and other improved $41 million for the year ended December 31, 2019, as compared to the corresponding period in the prior year, due to a reduction in operating losses at Cornerstone as a result of the shutdown of one of the home brands in Cornerstone's portfolio during the fourth quarter of 2018, along with the elimination of corporate costs at the Liberty Ventures Group due to the GCI Liberty Split-Off in 2018.

QxH and QVC International operating income increased $205 million and decreased $2 million, respectively, for the year ended December 31, 2018, as compared to the corresponding prior year period. Zulily operating losses improved $34 million for the year ended December 31, 2018, as compared to the corresponding prior year period. See "Results of Operations - Businesses" below for a more complete discussion of the results of operations of QVC and Zulily. Operating losses for Corporate and other improved $44 million for the year ended December 31, 2018, as compared to the corresponding prior year period, primarily due to the elimination of corporate costs at the Liberty Ventures Group due to the GCI Liberty Split-Off in the first quarter of 2018 and a decrease in stock compensation expense, partially offset by an increase in purchase accounting amortization at Cornerstone in 2018.

Adjusted OIBDA. To provide investors with additional information regarding our financial results, we also disclose Adjusted OIBDA, which is a non-GAAP financial measure. We define Adjusted OIBDA as operating income (loss) plus depreciation and amortization, stock-based compensation, separately reported litigation settlements, transaction related costs (including restructuring, integration, and advisory fees) and impairments. Our chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our businesses and make decisions about allocating resources among our businesses. We believe this is an important indicator of the operational strength and performance of our businesses by identifying those items that are not directly a reflection of each business' performance or indicative of ongoing business trends. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flows provided by operating activities and other measures of financial performance prepared in accordance with U.S. generally accepted accounting principles. The following table provides a reconciliation of Operating income (loss) to Adjusted OIBDA.

	Year ended December 31,		
	2019	2018	2017
	amounts in millions		
Operating income (loss)	$ 184	1,324	1,043
Depreciation and amortization	606	637	725
Stock-based compensation	71	88	123
Impairment of intangible assets	1,167	33	—
Transaction related costs	1	72	59
Adjusted OIBDA	$ 2,029	2,154	1,950

Consolidated Adjusted OIBDA decreased $125 million and increased $204 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods.

QxH and Zulily Adjusted OIBDA decreased $94 million and $60 million for the year ended December 31, 2019, respectively, as compared to the corresponding prior year period. QVC International Adjusted OIBDA increased $17 million for the year ended December 31, 2019, as compared to the corresponding prior year period, primarily due to the closure of QVC's operations in France in March of 2019. Adjusted OIBDA losses related to QVC France were $6 million and $32 million for the years ended December 31, 2019 and 2018, respectively. See "Results of Operations - Businesses" below for a more complete discussion of the results of operations of QVC and Zulily. Corporate and other Adjusted OIBDA increased $12 million for the year ended December 31, 2019, as compared to the corresponding period in the prior year due to higher Adjusted OIBDA at Cornerstone due to the impacts of the shutdown of one of the home brands in Cornerstone's portfolio discussed above and improved performance in the businesses' home segment, and the elimination of corporate costs at the Liberty Ventures Group due to the GCI Liberty Split-Off.

QxH and Zulily Adjusted OIBDA increased $175 million and $17 million, respectively, for the year ended December 31, 2018, as compared to the same period in the prior year. The QxH increase in 2018 was primarily related to HSN which had Adjusted OIBDA of $213 million for the year ended December 31, 2018, and no Adjusted OIBDA for the year ended December 31, 2017 due to the timing of the acquisition. QVC International Adjusted OIBDA decreased $22 million for the year ended December 31, 2018, as compared to the same period in the prior year. See "Results of Operations - Businesses" below for a more complete discussion of the results of operations of QVC and Zulily. Corporate and other Adjusted OIBDA increased $34 million for the year ended December 31, 2018, as compared to the corresponding period in the prior year, primarily due to the acquisition of Cornerstone as well as fewer corporate costs compared to the prior year.

Other Income and Expense

Components of Other Income (Expense) are presented in the table below.

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Interest expense	$ (374)	(381)	(355)
Share of earnings (losses) of affiliate, net	(160)	(162)	(200)
Realized and unrealized gains (losses) on financial instruments, net	(251)	76	145
Gains (losses) on transactions, net	(1)	1	410
Tax sharing income (expense) with GCI Liberty, Inc.	(26)	32	—
Other, net	6	(7)	7
Other income (expense)	$ (806)	(441)	7
Former QVC Group	NA	(a)	151
Former Ventures Group	NA	(a)	(144)

(a) Due to the GCI Liberty Split-Off, the Ventures Group and the QVC Group tracking stocks no longer exist as of March 9, 2018, however amounts were attributed to the Ventures Group and the QVC Group from January 1, 2018 through March 9, 2018. Attributed to the Ventures Group was other income of $120 million for the year ended December 31, 2018 primarily related to mark-to-market adjustments on the investments in Charter and ILG.

Interest expense. Interest expense decreased $7 million and increased $26 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The decrease for the year ended December 31, 2019 is due to lower average debt balances during 2019 compared to the prior year as well as a reduction in the variable interest rate on QVC's bank credit facilities compared to the prior year. The increase in interest expense for the year ended December 31, 2018 was due to the HSN bank credit facility that was not included during the year ended December 31, 2017, and higher average debt balances and higher average interest rates on variable rate debt at QVC.

Share of earnings (losses) of affiliates. Share of losses of affiliates decreased $2 million and $38 million during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The decrease in 2019 is due to the fact that the prior year included losses related to the Company's former investment in FTD Companies, Inc. ("FTD"), partially offset by increased losses at the Company's alternative energy solution entities due to continued investment in such ventures. These entities typically operate at a loss and the Company records its share of such losses but have favorable tax attributes and credits, which are recorded in the Company's tax accounts. The decrease in 2018 was due to fewer losses at FTD, partially offset by fewer earnings in 2018 due to the Company's acquisition of HSN.

Realized and unrealized gains (losses) on financial instruments. Realized and unrealized gains (losses) on financial instruments are comprised of changes in the fair value of the following:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Equity securities	$ (22)	155	434
Exchangeable senior debentures	(337)	(3)	(193)
Indemnification asset	123	(70)	—
Other financial instruments	(15)	(6)	(96)
	$ (251)	76	145

The changes in these accounts are due primarily to market factors and changes in the fair value of the underlying stocks or financial instruments to which these relate. The decrease for the year ended December 31, 2019 as compared to the corresponding prior year period was primarily due to a decrease in the unrealized gain on the investment in Charter and the contribution of Charter shares to GCI Liberty in the GCI Liberty Split-Off, a decrease in unrealized gains on the investment in ILG due to the purchase of ILG by Marriott Vacations Worldwide during the third quarter of 2018 and subsequent sale of this investment, and an increase in unrealized losses on exchangeable debt, partially offset by an unrealized gain on the indemnification asset as a result of the GCI Liberty Split-Off. The decrease for the year ended December 31, 2018 as compared to the corresponding prior year period was primarily driven by a decrease in the unrealized gain on the investment in Charter and the contribution of Charter to GCI Liberty in the GCI Liberty Split-Off, a decrease in unrealized gains on the investment in ILG, and an unrealized loss on the indemnification asset as a result of the GCI Liberty Split-Off, partially offset by an increase in unrealized gains on exchangeable debt and derivative instruments.

Gains (losses) on transactions, net. Gain on transactions, net, decreased $2 million and decreased $409 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The decrease in gain on transactions, net for the year ended December 31, 2018 is due to the acquisition of HSN in 2017. In conjunction with the application of acquisition accounting, we recorded a full step up in basis of HSN along with a gain between our historical basis and the fair value of our interest in HSN in 2017.

Tax sharing income (expense) with GCI Liberty. Due to the GCI Liberty Split-Off, the Company entered into a tax sharing agreement with GCI Liberty. As a result, the Company recognized tax sharing expense of $26 million and income of $32 million for the years ended December 31, 2019 and 2018, respectively.

Other, net. Other, net increased $13 million and decreased $14 million for the years ended December 31, 2019 and 2018, respectively, when compared to the corresponding prior year period. The activity captured in Other, net is primarily attributable to gains (losses) on early extinguishment of debt, foreign exchange gains (losses) and interest income.

Income taxes. The Company had an income tax benefit of $217 million, income tax expense of $60 million and income tax benefit of $985 million for the years ended December 31, 2019, 2018 and 2017, respectively. Our effective tax rate for the years ended December 31, 2019, 2018 and 2017 was 34.9%, 6.8% and 93.8% respectively. In 2019 the effective tax rate was higher than the U.S. federal tax of 21% primarily due to tax benefits from tax credits and incentives generated by our alternative energy investments and tax benefits from losses generated in 2019 that were eligible for carryback to tax years with federal income tax rates greater than the U.S. statutory tax rate of 21%, partially offset by a goodwill impairment that is not deductible for tax purposes and an increase in the valuation allowance against certain deferred tax assets. In 2018 the effective tax rate was lower than the U.S. federal tax of 21% primarily due to tax benefits from tax credits and incentives generated by our alternative energy investments, a reduction in the Company's state effective tax rate used to measure deferred taxes resulting from the GCI Liberty Split-Off in March 2018, and a reduction in the Company's state effective tax rate used to measure deferred taxes resulting from a state law change during the second quarter. In connection with the analysis of the impact of the Tax Cuts and Jobs Act (the "Tax Act"), as discussed in note 10 in the accompanying consolidated financial statements, the Company has recorded a discrete net tax benefit in the period ending December 31, 2017. This net benefit primarily consisted of a net benefit for the corporate rate reduction. In addition our tax rate was impacted by the consolidation of our equity method investment in HSN during the year ended December 31, 2017.

Net earnings (loss). We had net losses of $405 million, and net earnings of $964 million and $2,487 million for the years ended December 31, 2019, 2018 and 2017, respectively. The change in net earnings (loss) 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, 2019 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, equity issuances, dividend and interest receipts, proceeds from asset sales, debt (including availability under QVC's bank credit facilities, as discussed in note 8 of the accompanying consolidated financial statements) and cash generated by the operating activities of our wholly-owned subsidiaries. Cash generated by the operating activities of our subsidiaries is only a source of liquidity to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted such as, in the case of QVC and Zulily, due to a requirement that a leverage ratio (calculated in accordance with the terms of the document governing such indebtedness which is an exhibit to this Annual Report on Form 10-K) of less than 3.5 must be maintained.

During the year, there were no changes to our corporate debt credit ratings or our consolidated subsidiaries' debt credit ratings. Qurate Retail and its subsidiaries are in compliance with their debt covenants as of December 31, 2019.

As of December 31, 2019, Qurate Retail's liquidity position consisted of the following:

	Cash and cash equivalents
	amounts in millions
QVC	$ 561
Zulily	23
Corporate and other	89
Total Qurate Retail	$ 673

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. Additionally, we have $2.4 billion available for borrowing under the QVC Bank Credit Facility at December 31, 2019 (which was subsequently reduced to $1.7 billion upon the reduction of the revolving credit facility, effective February 4, 2020). As of December 31, 2019, QVC had approximately $280 million of cash and cash equivalents held in foreign subsidiaries that is available for domestic purposes with no significant tax consequences upon repatriation to the U.S. QVC accrues taxes on the unremitted earnings of its international subsidiaries. Approximately 66% of this foreign cash balance was that of QVC Japan. QVC owns 60% of QVC Japan and shares all profits and losses with the 40% minority interest holder, Mitsui & Co, LTD.

Additionally, our operating businesses have generated, on average, more than $1 billion in annual cash provided by operating activities over the prior three years and we do not anticipate any significant reductions in that amount in future periods.

	Years ended December 31,		
	2019	2018	2017
Cash Flow Information	amounts in millions		
Net cash provided (used) by operating activities	$ 1,284	1,273	1,490
Net cash provided (used) by investing activities	$ (600)	47	(391)
Net cash provided (used) by financing activities	$ (661)	(1,574)	(1,036)

During the year ended December 31, 2019, Qurate Retail's primary uses of cash were repurchases of Series A Qurate Retail common stock of $392 million, capital expenditures of $325 million, investments in and loans to cost and equity investments of $141 million, and net repayments of certain debt obligations of approximately $113 million.

The projected uses of Qurate Retail's cash, outside of normal operating expenses (inclusive of tax payments), are the costs to service outstanding debt, approximately $350 million for interest payments on outstanding debt, including corporate level and other subsidiary debt, anticipated capital improvement spending of approximately $320 million, the repayment of certain debt obligations, the potential buyback of common stock under the approved share buyback program and additional investments in existing or new businesses. The Company also may be required to make net payments of income tax liabilities to settle items under discussion with tax authorities. The Company expects that cash on hand and cash provided by operating activities in future periods and outstanding borrowing capacity will be sufficient to fund projected uses of cash.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

In connection with agreements for the sale of assets by our company, we may retain liabilities that relate to events occurring prior to the sale, such as tax, environmental, litigation and employment matters. We generally indemnify the purchaser in the event that a third party asserts a claim against the purchaser that relates to a liability retained by us. These types of indemnification obligations may extend for a number of years. We are unable to estimate the maximum potential liability for these types of indemnification obligations as the sale agreements may not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, we have not made any significant indemnification payments under such agreements and no amount has been accrued in the accompanying consolidated financial statements with respect to these indemnification obligations.

We have contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible we may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying consolidated financial statements.

Information concerning the amount and timing of required payments, both accrued and off-balance sheet, under our contractual obligations, excluding uncertain tax positions as it is undeterminable when payments will be made, is summarized below.

	Payments due by period				
	Total	Less than 1 year	2 - 3 years	4 - 5 years	After 5 years
	amounts in millions				
Consolidated contractual obligations					
Long-term debt (1)	$ 7,348	11	523	2,609	4,205
Interest payments (2)	4,885	358	716	558	3,253
Finance and operating lease obligations	780	107	178	163	332
Purchase orders and other obligations (3)	2,469	2,357	68	28	16
Total	$ 15,482	2,833	1,485	3,358	7,806

(1) Amounts are reflected in the table at the outstanding principal amount, assuming the debt instruments will remain outstanding until the stated maturity date, and may differ from the amounts stated in our consolidated balance sheet to the extent debt instruments (i) were issued at a discount or premium or (ii) have elements which are reported at fair value in our consolidated balance sheets. Amounts do not assume additional borrowings or refinancings of existing debt.

(2) Amounts (i) are based on our outstanding debt at December 31, 2019, (ii) assume the interest rates on our variable rate debt remain constant at the December 31, 2019 rates and (iii) assume that our existing debt is repaid at maturity.

(3) Amounts include open purchase orders for inventory and non-inventory purchases along with other contractual obligations

Critical Accounting Estimates

The preparation of our financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Listed below are the accounting estimates that we believe are critical to our financial statements due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, revenue or expense being reported. All of these accounting estimates and assumptions, as well as the resulting impact to our financial statements, have been discussed with the audit committee of our board of directors.

Fair Value Measurements

Financial Instruments. We record a number of assets and liabilities in our consolidated balance sheets at fair value on a recurring basis, including equity securities, financial instruments and our exchangeable senior debentures. GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. We use quoted market prices, or Level 1 inputs, to value our Fair Value Option (as defined below) securities. As of December 31, 2019 and 2018, we had no Level 1 Fair Value Option securities.

Level 2 inputs, other than quoted market prices included within Level 1, are observable for the asset or liability, either directly or indirectly. We use quoted market prices to determine the fair value of our exchangeable senior debentures. However, these debentures are not traded on active markets as defined in GAAP, so these liabilities fall in Level 2. As of December 31, 2019, the principal amount and carrying value of our exchangeable debentures were $1,447 million and $1,557 million, respectively.

Level 3 inputs are unobservable inputs for an asset or liability. We currently have no Level 3 financial instrument assets or liabilities.

Non-Financial Instruments. Our non-financial instrument valuations are primarily comprised of our annual assessment of the recoverability of our goodwill and other nonamortizable intangible assets, such as tradenames and our evaluation of the recoverability of our other long-lived assets upon certain triggering events, and our determination of the estimated fair value allocation of net tangible and identifiable intangible assets acquired in business combinations. If the carrying value of our long-lived assets exceeds their undiscounted cash flows, we are required to write the carrying value down to fair value. Any such writedown is included in impairment of long-lived assets in our consolidated statements of operations. A high degree of judgment is required to estimate the fair value of our long-lived assets. We may use quoted market prices, prices for similar assets, present value techniques and other valuation techniques to prepare these estimates. We may need to make estimates of future cash flows and discount rates as well as other assumptions in order to implement these valuation techniques. Due to the high degree of judgment involved in our estimation techniques, any value ultimately derived from our long-lived assets may differ from our estimate of fair value. As each of our operating segments has long-lived assets, this critical accounting policy affects the financial position and results of operations of each segment.

As of December 31, 2019, the intangible assets not subject to amortization for each of our significant reportable segments were as follows:

	Goodwill	Tradenames	Total
	amounts in millions		
QxH	$ 5,228	2,878	8,106
QVC International	859	—	859
Zulily	477	290	767
Corporate and other	12	—	12
	$ 6,576	3,168	9,744

We perform our annual assessment of the recoverability of our goodwill and other non-amortizable intangible assets during the fourth quarter of each year, or more frequently, if events or circumstances indicate impairment may have occurred. We utilize a qualitative assessment for determining whether a quantitative goodwill and other non-amortizable intangible asset impairment analysis is necessary. The accounting guidance permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative goodwill impairment test. In evaluating goodwill on a qualitative basis the Company reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it is more likely than not that an indicated impairment exists for any of our reporting units. The Company considers whether there are any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, the legal environments and how these factors might impact company specific performance in future periods. As part of the analysis the Company also considers fair value determinations for certain reporting units that have been made at various points throughout the current and prior years for other purposes. In 2019, an impairment of $440 million was recorded to Zulily's goodwill. There were no goodwill impairments in 2018 and 2017. In 2019 and 2018, impairments of $147 million and $30 million, respectively, were recorded to HSN's tradenames. Also in 2019, an impairment of $580 million was recorded to Zulily's tradename. There were no impairments of other intangible assets in 2017. Based on the quantitative assessments performed during the third and fourth quarters of 2019 and the resulting impairment losses recorded, the estimated fair values of the Zulily and HSN tradenames and the Zulily reporting unit do not significantly exceed their carrying values as of December 31, 2019.

Retail Related Adjustments and Allowances. QVC records adjustments and allowances for sales returns, inventory obsolescence and uncollectible receivables. Each of these adjustments is estimated based on historical experience. Sales returns are calculated as a percent of sales and are netted against revenue in our consolidated statements of operations. For the years ended December 31, 2019, 2018 and 2017, sales returns represented 17.3%, 17.4% and 18.1% of QVC's gross product revenue, respectively. The inventory obsolescence reserve is calculated as a percent of QVC's inventory at the end of a reporting period based on, among other factors, the average inventory balance for the preceding 12 months and historical experience with liquidated inventory. The change in the reserve is included in cost of retail sales in our consolidated statements of operations. As of December 31, 2019, QVC's inventory was $1,214 million, which was net of the obsolescence reserve of $145 million. As of December 31, 2018, inventory was $1,280 million, which was net of the obsolescence reserve of $143 million. QVC's allowance for doubtful accounts is calculated as a percent of accounts receivable at the end of a reporting period, and the change in such allowance is recorded as a provision for doubtful accounts in Selling, general, and administrative ("SG&A") expenses in our consolidated statements of operations. As of December 31, 2019, QVC's trade accounts receivable were $1,813 million, net of the allowance for doubtful accounts of $123 million. As of December 31, 2018, trade accounts receivable were $1,787 million, net of the allowance for doubtful accounts of $112 million. Each of these estimates requires management judgment and may not reflect actual results.

Income Taxes. We are required to estimate the amount of tax payable or refundable for the current year and the deferred income tax liabilities and assets for the future tax consequences of events that have been reflected in our financial statements or tax returns for each taxing jurisdiction in which we operate. This process requires our management to make judgments regarding the timing and probability of the ultimate tax impact of the various agreements and transactions that we enter into. Based on these judgments we may record tax reserves or adjustments to valuation allowances on deferred tax assets to reflect the expected realizability of future tax benefits. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which we operate, our inability to generate sufficient future taxable income or unpredicted results from the final determination of each year's liability by taxing authorities. These changes could have a significant impact on our financial position.

Results of Operations—Businesses

QVC

QVC is a retailer of a wide range of consumer products, which are marketed and sold primarily by merchandise-focused televised shopping programs, the Internet and mobile applications.

In the U.S., QVC's televised shopping programs, including live and recorded content, are broadcast across multiple channels nationally on a full-time basis, including QVC, QVC 2, QVC 3, HSN and HSN2. During the first quarter of 2019, QVC transitioned its Beauty iQ broadcast channel to QVC 3 and Beauty iQ content was moved to a digital only platform. QxH programming is also available on its websites (QVC.com and HSN.com); applications via streaming video (Facebook Live, Roku, Apple TV and Amazon Fire); mobile applications; social pages and over-the-air broadcasters.

QVC's digital platforms enable consumers to purchase goods offered on its broadcast programming, along with a wide assortment of products that are available only on QVC's U.S. websites. These websites and QVC's other digital platforms (including mobile applications, social pages, and others) are natural extensions of its business model, allowing customers to engage in its shopping experience wherever they are, with live or on-demand content customized to the device they are using. In addition to offering video content, QVC's U.S. websites allow shoppers to browse, research, compare and perform targeted searches for products, read customer reviews, control the order-entry process and conveniently access their account.

QVC's international televised shopping programs, including live and recorded content, are distributed to households outside of the U.S., primarily in Germany, Austria, Japan, the United Kingdom ("U.K."), the Republic of Ireland and Italy. In some of the countries where QVC operates, its televised shopping programs are broadcast across multiple QVC channels: QVC Style and QVC2 in Germany and QVC Beauty, QVC Extra, and QVC Style in the U.K. Similar to the U.S., QVC's international businesses also engage customers via websites, mobile applications, and social pages. QVC's international business employs product sourcing teams who select products tailored to the interests of each local market.

QVC's operating results were as follows:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Net revenue	$ 10,986	11,282	8,771
Cost of sales	(7,148)	(7,248)	(5,598)
Operating expenses	(768)	(881)	(601)
SG&A expenses (excluding stock-based compensation and transaction related costs)	(1,088)	(1,094)	(666)
Adjusted OIBDA	1,982	2,059	1,906
Impairment of intangible assets	(147)	(30)	—
Stock-based compensation	(39)	(46)	(39)
Depreciation and amortization	(468)	(411)	(519)
Transaction related costs	(1)	(60)	(39)
Operating income	$ 1,327	1,512	1,309

Net revenue was generated from the following geographical areas:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
QxH	$ 8,277	8,544	6,140
QVC International	2,709	2,738	2,631
	$ 10,986	11,282	8,771

QVC's consolidated net revenue decreased 2.6% and increased 28.6% for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior years. The 2019 decrease of $296 million in net revenue was primarily comprised of a 2.7% decrease in units sold, $69 million in unfavorable foreign exchange rates and a $41 million decrease in shipping and handling revenue across all markets, which was partially offset by a 1% increase in average selling price per unit ("ASP") driven by the international markets, and a $49 million decrease in estimated product returns, primarily driven by the decrease in sales volume at QxH.

For 2018, the $2,511 million increase in revenue was primarily due to the inclusion of $2,195 million of revenue from HSN in 2018. HSN's results were not included in net revenue during 2017. The remaining increase of $316 million in net revenue was primarily comprised of a 2.7% increase in units sold, $102 million due to the inclusion of Private Label Credit Card ("PLCC") income in the U.S. as a result of the adoption of Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers (“ASC 606”), $83 million in favorable foreign currency exchange rates and a $10 million increase in shipping and handling revenue. This was primarily offset by a 1.1% decrease in ASP and an increase of $35 million in estimated product returns. The changes in units sold, foreign exchange rates, ASP and estimated product returns are partially impacted by the change in the timing of revenue recognition as part of the adoption of ASC 606. The impact of this change was $21 million for the year ended December 31, 2018 in comparison to the year ended December 31, 2018 without the adoption of ASC 606.

During the years ended December 31, 2019 and 2018, the changes in revenue and expenses were affected by changes in the exchange rates for the Japanese Yen, the Euro and the U.K. Pound Sterling. In the event the U.S. Dollar strengthens against these foreign currencies in the future, QVC's revenue and operating cash flow will be negatively affected.

In discussing QVC’s operating results, the term “currency exchange rates” refers to the currency exchange rates QVC uses to convert the operating results for all countries where the functional currency is not the U.S. dollar. QVC calculates the effect of changes in currency exchange rates as the difference between current period activity translated using the prior period's currency exchange rates. Throughout our discussion, we refer to the results of this calculation as the impact of currency exchange rate fluctuations. When we refer to “constant currency operating results”, this means operating results without the impact of the currency exchange rate fluctuations. The disclosure of constant currency amounts or results permits investors to understand better QVC’s underlying performance without the effects of currency exchange rate fluctuations.

The percentage change in net revenue for QVC in U.S. Dollars and in constant currency was as follows:

	Year ended December 31, 2019			Year ended December 31, 2018		
	U.S. dollars	Foreign Currency Exchange Impact	Constant currency	U.S. dollars	Foreign Currency Exchange Impact	Constant currency
QxH	(3.1)%	— %	(3.1)%	39.2 %	— %	39.2 %
QVC International	(1.1)%	(2.6)%	1.5 %	4.1 %	3.2 %	0.9 %

In 2019, the QxH net revenue decrease was primarily due to a 2.8% decrease in units shipped, a 0.5% decrease in ASP, and an $18 million decrease in shipping and handling revenue. This decrease was partially offset by a $65 million decrease in estimated product returns, primarily driven by the decrease in sales volume. QxH experienced shipped sales decline in all categories except electronics. The decrease in net shipping and handling revenue was a result of a decrease in shipping and handling revenue per unit from promotional offers. QVC International net revenue growth in constant currency was primarily due to a 5.1% increase in ASP, including increases in all markets. The increase was partially offset by a decrease of 2.5% in units shipped, primarily driven by Germany, the U.K., and Italy partially offset by increases in Japan, a $22 million decrease in shipping and handling revenue, primarily in the U.K. and a $16 million increase in estimated product returns across all markets. QVC International experienced shipped sales growth in constant currency in all categories except electronics and accessories.

In 2018, the QxH net revenue increase was primarily due to the inclusion of HSN's revenue of $2,195 million in 2018 as a result of the common control transaction between QVC and Qurate Retail. The remaining QxH increase was driven by QVC U.S., which was a separate reportable segment prior to 2019, primarily due to a 3.8% increase in units shipped, $102 million due to the inclusion of PLCC income and a $14 million increase in shipping and handling revenue. This increase was offset by a 1.7% decrease in ASP and a $41 million increase in estimated product returns. QVC U.S. experienced shipped sales growth in all categories except jewelry and home. QVC International net revenue growth in constant currency was primarily due to a 0.9% increase in units shipped, driven by increases in the U.K. and Japan and a $6 million decrease in estimated product returns, driven by Japan. This was offset by a $4 million decrease in shipping and handling revenue and a slight decrease in ASP. QVC International experienced shipped sales growth in constant currency in all categories except electronics and accessories.

QVC's cost of sales as a percentage of net revenue was 65.1%, 64.2% and 63.8% for the years ended December 31, 2019, 2018 and 2017, respectively. The increase in cost of goods sold as a percentage of revenue in 2019 is primarily due to an increase in product fulfillment costs related to a new fulfillment center in Bethlehem, Pennsylvania and higher freight costs at QxH. For 2018, the increase in cost of goods sold as a percentage of revenue is primarily due to the inclusion of HSN's financial results in 2018 in addition to higher warehouse and freight costs partially offset by the inclusion of PLCC income within net revenue, which was previously recorded as an offset to SG&A expenses.

Operating expenses are principally comprised of commissions, order processing and customer service expenses, credit card processing fees, and telecommunications expenses. Operating expenses decreased $113 million or 13% and increased $280 million or 47% for the years ended December 31, 2019 and 2018, respectively. The decrease in 2019 was primarily due to a $92 million decrease in commissions primarily at QxH, a $13 million decrease in personnel costs, primarily at QxH and to a lesser extent, Italy, Germany and Japan, and a $5 million decrease due to favorable exchange rates. The decrease in commissions is primarily due to new longer term television distribution rights agreements entered into at HSN, with similar terms to QVC's television distribution agreements, which led to increased capitalization of television distribution rights agreements and favorable terms on commissions. The increase in 2018 was primarily due to the inclusion of HSN operating expenses of $269 million in 2018 in addition to a $10 million increase in credit card fees primarily at QVC U.S. and $6 million due to unfavorable exchange rates, which was partially offset by a $2 million decrease in commissions primarily at QVC U.S., offset by increases in the U.K. and Japan and a $2 million decrease of telephone expenses primarily at QVC U.S.

SG&A expenses (excluding stock compensation and transaction related costs as defined below) include personnel, information technology, provision for doubtful accounts, production costs and marketing and advertising expense, and prior to the adoption of ASC 606 on December 1, 2018, credit card income. Such expenses decreased $6 million, and were 9.9% of net revenue for the year ended December 31, 2019 as compared to the prior year and increased $428 million and were 9.7% of net revenue for the year ended December 31, 2018 as compared to the prior year.

The decrease in 2019 was primarily due to a $43 million decrease in personnel costs primarily in QxH, France and the U.K. partially offset by increases in Japan, Germany and Italy, and an $11 million decrease due to favorable exchange rates. The decreases were partially offset by a $22 million increase in outside services, primarily at QxH and Japan, partially offset by a decrease in Germany, a $12 million increase in bad debt expense, and a $16 million increase in online marketing expenses primarily in QxH. The decrease in personnel costs is due to a decrease in wages at QxH as a result of the QRG Initiatives, a decrease in bonus compensation across all markets except for Japan, the termination of a retirement health plan and the closure of QVC's operations in France, partially offset by higher severance across all markets. The increase in bad debt expense for the year ended December 31, 2019 is primarily due to increased Easy Pay usage and the number of installments taken at QxH.

The increase in 2018 was primarily related to the inclusion of $254 million of HSN's SG&A expenses as well as the reclassification of PLCC income, attributing $105 million as a result of the adoption of ASC 606, which was previously recorded as an offset to SG&A expenses for the year ended December 31, 2017. Additionally, there was a $29 million increase in outside services across all markets, a $21 million increase in bad debt expense primarily at QVC U.S. and to a lesser extent, Japan, a $14 million increase in marketing expenses primarily at QVC U.S. and a $12 million increase due to unfavorable exchange rates. The increase in bad debt expense is due to favorability in default rates from prior periods, mostly related to the Easy-Pay program at QVC U.S. during the year ended December 31, 2017. These increases were partially offset by an $8 million decrease in personnel costs primarily at QVC U.S. and Germany.

QVC recorded impairment losses of $147 million and $30 million for the years ended December 31, 2019 and 2018 related to the decrease in the fair value of the HSN indefinite-lived tradename as a result of the quantitative assessment that was performed by the Company in each of those years (see note 7 to the accompanying consolidated financial statements). There was no impairment loss recorded by QVC for the year ended December 31, 2017.

QVC recorded $1 million, $60 million and $39 million of transaction related costs for the years ended December 31, 2019, 2018 and 2017, respectively. The increase in transaction related costs in 2018 is primarily related to severance payments related to the future closure of QVC's Lancaster, PA fulfillment center and other initiatives to better position its QxH operations as well as the closure of operations in France. The transaction related costs that were incurred in 2017 were primarily attributed to severance at HSN and other integration and advisory costs.

Stock-based compensation includes compensation related to options and restricted stock granted to certain officers and employees. QVC recorded $39 million, $46 million and $39 million of stock-based compensation expense for the years ended December 31, 2019, 2018 and 2017, respectively. The decrease in 2019 is primarily due to forfeitures of non-vested options from terminated individuals. The increase in 2018 is primarily due to transfers of certain Zulily employees to QVC.

Depreciation and amortization consisted of the following:

	Years ended December 31,		
	2019	**2018**	**2017**
	amounts in millions		
Affiliate agreements	$ 2	2	97
Customer relationships	49	50	113
Other	15	15	—
Acquisition related amortization	66	67	210
Property and equipment	186	174	155
Software amortization	85	95	93
Channel placement amortization and related expenses	131	75	61
Total depreciation and amortization	$ 468	411	519

For the year ended December 31, 2019, channel placement amortization expense increased primarily due to new television distribution contracts entered into at HSN and software amortization decreased due to the end of useful lives of certain software additions. For the year ended December 31, 2018, acquisition related amortization expense decreased primarily due to the end of the useful lives of certain affiliate agreements and customer relationships established at the time of Qurate Retail's acquisition of QVC in 2003. Property and equipment depreciation, software and channel placement amortization increased in 2018 due to the inclusion of HSN's depreciation and amortization.

Zulily

Zulily's operating results for the last three years were as follows:

		Years ended	
	December 31, 2019	December 31, 2018	December 31, 2017
	amounts in millions		
Net revenue	$ 1,571	1,817	1,613
Cost of sales	(1,179)	(1,346)	(1,195)
Operating expenses	(42)	(50)	(47)
SG&A expenses (excluding stock-based compensation and transaction related costs)	(302)	(313)	(280)
Adjusted OIBDA	48	108	91
Stock-based compensation	(15)	(17)	(18)
Depreciation and amortization	(104)	(186)	(202)
Impairment of intangible assets	(1,020)	—	—
Operating income (loss)	$ (1,091)	(95)	(129)

Net revenue consists primarily of sales of women's, children's and men's apparel, children's merchandise and other product categories such as home, accessories and beauty products. Zulily recognizes product sales at the time all revenue recognition criteria has been met, which is generally at shipment. Net revenue represents the sales of these items plus shipping and handling charges to customers and PLCC income, net of estimated refunds and returns, store credits, and promotional discounts. Net revenue is primarily driven by Zulily's active customers, the frequency with which customers purchase and average order value.

Zulily's consolidated net revenue decreased 13.5% and increased 12.6% for the years ended December 31, 2019 and December 31, 2018, respectively, as compared to the corresponding prior years. The decrease in net revenue for the year ended December 31, 2019 was primarily attributed to a 14.2% decrease in demand. The increase in net revenue for the year ended December 31, 2018 was primarily attributed to a 14.4% increase in orders placed partially offset by a 1.5% decrease in average order value year over year. The increase in orders placed was driven by a 13.8% increase in active customers.

Zulily's cost of sales as a percentage of net revenue was 75.0%, 74.1% and 74.1% for the years ended December 31, 2019, 2018 and 2017, respectively. Cost of sales as a percentage of net revenue increased for the year ended December 31, 2019 as compared to the year ended December 31, 2018 primarily due to increased shipping costs. Cost of sales as a percentage of net revenue remained flat for the year ended December 31, 2018 as compared to the year ended December 31, 2017.

Zulily's operating expenses are principally comprised of credit card processing fees and customer service expenses. Operating expenses decreased for the year ended December 31, 2019, as compared to the same period in the prior year, due to a decrease in transaction processing fees as a result of decreased net sales. Operating expenses increased for the years ended December 31, 2018, as compared to the same period in the prior year, due to an increase in net sales.

Zulily's SG&A expenses include personnel related costs for general corporate functions, marketing and advertising expenses and information technology. As a percentage of net revenue, SG&A increased from 17.2% to 19.2% for the year ended December 31, 2019, primarily due to deleveraging personnel-related costs. As a percentage of net revenue, SG&A decreased from 17.4% to 17.2% for the year ended December 31, 2018, primarily due to leveraging in fixed costs.

Zulily's stock-based compensation expense decreased slightly for the year ended December 31, 2019 as compared to the corresponding period in the prior year primarily due to the departures of senior leadership including the Chief

Merchant. Zulily’s stock-based compensation expense decreased slightly for the year ended December 31, 2018, compared to the corresponding period in the prior year, due to the transfer of certain senior leadership to QVC.

Zulily’s depreciation and amortization expense decreased $82 million and decreased $16 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior years. The decrease for the year ended December 31, 2019, compared to the same period in the prior year, was primarily attributable to intangible assets recognized in purchase accounting that were fully amortized as of the third quarter of 2018. The decrease for the year ended December 31, 2018, compared to the same period in the prior year, was primarily attributable to fully amortized intangible assets recognized in purchase accounting.

For discussion of the impairment of intangible assets, see note 7 of the accompanying consolidated financial statements.

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 to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when we deem appropriate. As of December 31, 2019, our debt is comprised of the following amounts:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted avg interest rate	Principal amount	Weighted avg interest rate
	dollar amounts in millions			
QxH and QVC International	$ 730	3.1 %	$ 4,250	5.0 %
Zulily	$ 130	3.1 %	$ —	— %
Corporate and other	$ —	— %	$ 2,238	5.1 %

Qurate Retail is exposed to foreign exchange rate fluctuations related primarily to the monetary assets and liabilities and the financial results of QVC's foreign subsidiaries. Assets and liabilities of foreign subsidiaries for which the functional 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 referred to as translation adjustments. Cumulative translation adjustments are recorded in accumulated other comprehensive earnings (loss) as a separate component of stockholders' equity. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses, which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from our operations in foreign countries are translated at the average rate for the period. Accordingly, Qurate Retail may experience economic loss and a negative impact on earnings and equity with respect to our holdings solely as a result of foreign currency exchange rate fluctuations. QVC's reported Adjusted OIBDA for the year ended December 31, 2019 would have been impacted by approximately $5 million for every 1% change in foreign currency exchange rates relative to the U.S. Dollar.

We periodically assess the effectiveness of our derivative financial instruments. With regard to interest rate swaps, we monitor the fair value of interest rate swaps as well as the effective interest rate the interest rate swap yields, in comparison to historical interest rate trends. We believe that any losses incurred with regard to interest rate swaps would be largely offset by the effects of interest rate movements on the underlying debt facilities. These measures allow our management to evaluate the success of our use of derivative instruments and to determine when to enter into or exit from derivative instruments.

Item 8. Financial Statements and Supplementary Data.

The consolidated financial statements of Qurate Retail are filed under this Item, beginning on page II-30. The financial statement schedules required by Regulation S-X are filed under Item 15 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

In accordance with Rules 13a-15 and 15d-15 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and its principal accounting and financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2019 because of the material weakness in its internal control over financial reporting that is described below in "Management's Report on Internal Control Over Financial Reporting."

However, giving full consideration to the material weakness, the Company's management has concluded that the consolidated financial statements included in this Annual Report on Form 10-K present fairly, in all material respects, the Company's financial position, results of operations and cash flows for the periods disclosed in conformity with U.S. generally accepted accounting principles ("GAAP"). The Company's independent registered accounting firm, KPMG LLP, has issued its report dated February 26, 2020, which expressed an unqualified opinion on those consolidated financial statements.

Changes in Internal Control Over Financial Reporting

Except for the remediation activities described below which occurred throughout the year, including during the fourth quarter, there has been no change in the Company's internal control over financial reporting that occurred during the Company's quarter ended December 31, 2019, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

2019 Remediation Activities

In response to the material weaknesses identified in "Management's Report on Internal Control Over Financial Reporting" as set forth in Part II, Item 9A in the 2018 Form 10-K, the Company developed a plan with oversight from the Audit Committee of the Board of Directors to remediate the material weaknesses. The remediation efforts implemented include the following:

- Improved the design and operation of control activities meant to validate the completeness and accuracy of revenue recorded in the UK;
- Removed inappropriate IT system access associated with information technology general controls ("ITGC"), with the exception of IT system access control deficiencies that continued to exist in the Company's German subsidiary as further discussed in "Management's Report on Internal Control Over Financial Reporting"

below;

- Enhanced risk assessment procedures by performing investigative procedures around higher risk applications to identify other potential risk areas that could have an impact on financial reporting;
- Enhanced change management and computer operation control activities including monitoring of information system user access and program changes;
- Delivered training to control operators addressing control operating protocol including ITGCs and policies, and increased communication of expectations for control operators;
- Evaluated talent and addressed identified gaps; and
- Evaluated the impact of IT application changes on downstream business process controls and enhanced related business process controls as necessary.

Material Weakness in Internal Control

As described in "Management's Report on Internal Control Over Financial Reporting" in this Annual Report on Form 10-K, through the execution of the aforementioned remediation activities, the Company identified additional instances where system access was not appropriately restricted in Germany, indicating that the prior year ITGC material weakness has not been fully remediated. As a result, the Company will continue to assess the ITGC risk across the environment and evaluate if the control activities are designed and operating to address the risks identified.

The Company believes the foregoing efforts will effectively remediate the material weakness described in "Management's Report on Internal Control Over Financial Reporting," although additional changes and improvements may be identified and adopted as the Company continues to implement its remediation plan related to the German ITGC issue. The Company believes it has properly restricted access to the affected applications during the first two months of 2020. Because the reliability of the internal control process requires repeatable execution, the successful on-going remediation of the material weakness will require on-going review and evidence of effectiveness prior to concluding that the controls are effective. Our remediation efforts are underway, and we expect that the remediation of this material weakness will be completed in 2020.

Management's Report on Internal Control Over Financial Reporting

See page II-25 for Management's Report on Internal Control Over Financial Reporting.

See page II-26 for KPMG LLP's report regarding the effectiveness of the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over the Company's financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

The Company's management assessed the effectiveness of internal control over financial reporting as of December 31, 2019, using the criteria in Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that, as of December 31, 2019, the Company's internal control over financial reporting is not effective due to the material weakness described below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The Company has identified a material weakness in its internal control over financial reporting related to ITGCs in its German subsidiary. Specifically, ITGCs were not consistently designed and operated effectively to ensure access to certain financially significant applications and data was adequately restricted to appropriate personnel. Business process controls (automated and manual) that are dependent on the affected ITGCs were also deemed ineffective because they could have been adversely impacted.

While the Company believes its risk assessment process has improved in 2019, the aforementioned material weakness was due to previously unidentified risks in the IT environment in Germany and failure to select and apply appropriate ITGCs over those risks.

The control deficiencies did not result in any identified misstatements.

KPMG LLP has expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting. Their report appears on page II-26 of this Annual Report on Form 10-K.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Qurate Retail, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Qurate Retail, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weakness, described below, 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, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, 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, 2019, and the related notes (collectively, the consolidated financial statements), and our report dated February 26, 2020 expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment:

> Information technology general controls (ITGCs) in the Company's German subsidiary were not consistently designed and operating effectively to ensure access to certain financially significant applications and data was adequately restricted to appropriate personnel. Business process controls (automated and manual) that are dependent on the affected ITGCs were also deemed ineffective because they could have been adversely impacted.

The material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2019 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

Basis for Opinion

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. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Denver, Colorado
February 26, 2020

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Qurate Retail, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Qurate Retail, Inc. and subsidiaries (the Company) as of December 31, 2019 and 2018, 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, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 26, 2020 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Changes in Accounting Principles

As discussed in Note 9 to the consolidated financial statements, the Company has changed its method of accounting for leases as of January 1, 2019 due to the adoption of Accounting Standard Codification (ASC) Topic 842, *Leases*. As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for revenue recognition as of January 1, 2018 due to the adoption of ASC Topic 606, *Revenue from Contracts with Customers.*

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidatedfinancial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of impairment of the Zulily and HSN tradenames and the goodwill of the Zulily reporting unit

As discussed in Note 7 to the consolidated financial statements, and disclosed in the consolidated balance sheet, the Company's tradenames balance as of December 31, 2019 was $3,168 million. Additionally, the Company's goodwill balance as of December 31, 2019 was $6,576 million. The Company performs tradename and goodwill impairment testing on an annual basis and whenever events or changes in circumstances indicate that the carrying value of a tradename more likely than not exceeds its fair value or the carrying value of a reporting unit more likely than not exceeds its fair value. The Company performed impairment testing of the Zulily tradename and reporting unit, which resulted in a $580 million impairment of the associated tradename and a $440 million impairment of the associated goodwill. The Company performed impairment testing of the HSN tradename, which resulted in a $147 million impairment of the associated tradename.

We identified the evaluation of impairment of the Zulily and HSN tradenames and the goodwill of the Zulily reporting unit as a critical audit matter. There was a high degree of subjective auditor judgment in applying and evaluating the results of our audit procedures over the discounted cash flow model used to calculate the fair values of the Zulily and HSN tradenames and the Zulily reporting unit. Specifically, the forecasted revenue, discount rates, and royalty rate assumptions, which were used to calculate the estimated fair values, involved a high degree of subjectivity. In addition, these fair values were challenging to test due to the sensitivity of the fair value determinations to changes in these assumptions.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's tradenames and goodwill impairment assessment process, including controls related to the determination of the estimated fair value of the Zulily and HSN tradenames and the Zulily reporting unit and the development of the assumptions. We evaluated the Company's forecasted revenue that was used for the fair value analyses by comparing the revenue growth assumptions to historical actual results and forecasted growth rates of peer companies. We compared the Company's historical revenue forecasts to actual results to assess the Company's ability to accurately forecast. We evaluated the revenue projections in consideration of forecasted business initiatives. In addition, we involved valuation professionals with specialized skill and knowledge, who assisted in:

- evaluating the royalty rates used in the Zulily and HSN tradename valuations, by comparing them to publicly available market data for comparable royalty rates, and considering the rates used in prior year valuations of the tradenames;
- evaluating the Zulily and HSN discount rates by comparing them to discount rate ranges that were independently developed using publicly available market data for comparable entities;
- assessing the estimates of the Zulily and HSN tradename fair values considering the application of the discounted cash flow method, Zulily and HSN forecasted revenue, and the evaluated royalty and discount rates; and
- assessing the estimate of the Zulily reporting unit's fair value considering the application of the discounted cash flow method, the reporting unit's cash flow forecast, and the evaluated discount rate.

/s/ KPMG LLP

We have served as the Company's auditor since 1995.

Denver, Colorado
February 26, 2020

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

	2019	2018
Assets	amounts in millions	
Current assets:		
Cash and cash equivalents	$ 673	653
Trade and other receivables, net	1,854	1,835
Inventory, net	1,413	1,474
Other current assets	636	224
Total current assets	4,576	4,186
Investments in equity securities	76	96
Property and equipment, at cost	2,806	2,685
Accumulated depreciation	(1,455)	(1,363)
	1,351	1,322
Intangible assets not subject to amortization (note 7):		
Goodwill	6,576	7,017
Tradenames	3,168	3,895
	9,744	10,912
Intangible assets subject to amortization, net (note 7)	955	1,058
Other assets, at cost, net of accumulated amortization	603	267
Total assets	$ 17,305	17,841

(continued)

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2019 and 2018

	2019	2018
	amounts in millions	
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 1,091	1,204
Accrued liabilities	1,173	1,182
Current portion of debt, including $1,557 million and $990 million measured at fair value (note 8)	1,557	1,410
Other current liabilities	180	155
Total current liabilities	4,001	3,951
Long-term debt, including $0 and $344 million measured at fair value (note 8)	5,855	5,963
Deferred income tax liabilities (note 10)	1,716	1,925
Other liabilities	761	258
Total liabilities	12,333	12,097
Equity		
Stockholders' equity (note 11):		
Preferred stock, $.01 par value. Authorized 50,000,000 shares; no shares issued	—	—
Series A Qurate Retail common stock, $.01 par value. Authorized 4,000,000,000 shares; issued and outstanding 386,691,461 shares at December 31, 2019 and 409,901,058 shares at December 31, 2018	4	4
Series B Qurate Retail common stock, $.01 par value. Authorized 150,000,000 shares; issued and outstanding 29,278,424 shares at December 31, 2019 and 29,248,343 shares at December 31, 2018	—	—
Additional paid-in capital	—	—
Accumulated other comprehensive earnings (loss), net of taxes	(55)	(55)
Retained earnings	4,891	5,675
Total stockholders' equity	4,840	5,624
Noncontrolling interests in equity of subsidiaries	132	120
Total equity	4,972	5,744
Commitments and contingencies (note 16)		
Total liabilities and equity	$ 17,305	17,841

See accompanying notes to consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Statements Of Operations

Years ended December 31, 2019, 2018 and 2017

	2019	2018	2017
	amounts in millions, except per share amounts		
Total revenue, net	$ 13,458	14,070	10,404
Operating costs and expenses:			
Cost of retail sales (exclusive of depreciation shown separately below)	8,899	9,209	6,789
Operating expense	844	970	659
Selling, general and administrative, including stock-based compensation and transaction related costs	1,758	1,897	1,188
Impairment of intangible assets and long lived assets	1,167	33	—
Depreciation and amortization	606	637	725
	13,274	12,746	9,361
Operating income	184	1,324	1,043
Other income (expense):			
Interest expense	(374)	(381)	(355)
Share of earnings (losses) of affiliates, net	(160)	(162)	(200)
Realized and unrealized gains (losses) on financial instruments, net (note 6)	(251)	76	145
Gains (losses) on transactions, net	(1)	1	410
Tax sharing income (expense) with GCI Liberty, Inc.	(26)	32	—
Other, net	6	(7)	7
	(806)	(441)	7
Earnings (loss) from continuing operations before income taxes	(622)	883	1,050
Income tax (expense) benefit (note 10)	217	(60)	985
Earnings (loss) from continuing operations	(405)	823	2,035
Earnings (loss) from discontinued operations, net of taxes (note 5)	—	141	452
Net earnings (loss)	(405)	964	2,487
Less net earnings (loss) attributable to the noncontrolling interests	51	48	46
Net earnings (loss) attributable to Qurate Retail, Inc. shareholders	$ (456)	916	2,441
Net earnings (loss) attributable to Qurate Retail, Inc. shareholders:			
Qurate Retail common stock	(456)	674	1,208
Liberty Ventures common stock	—	242	1,233
	$ (456)	916	2,441
Basic net earnings (loss) from continuing operations attributable to Qurate Retail, Inc. shareholders per common share (note 2):			
Series A and Series B Qurate Retail common stock	$ (1.08)	1.46	2.71
Series A and Series B Liberty Ventures common stock	$ NA	1.17	14.34
Diluted net earnings (loss) from continuing operations attributable to Qurate Retail, Inc. shareholders per common share (note 2):			
Series A and Series B Qurate Retail common stock	$ (1.08)	1.45	2.70
Series A and Series B Liberty Ventures common stock	$ NA	1.16	14.17
Basic net earnings (loss) attributable to Qurate Retail, Inc. shareholders per common share (note 2):			
Series A and Series B Qurate Retail common stock	$ (1.08)	1.46	2.71
Series A and Series B Liberty Ventures common stock	$ NA	2.81	14.34
Diluted net earnings (loss) attributable to Qurate Retail, Inc. shareholders per common share (note 2):			
Series A and Series B Qurate Retail common stock	$ (1.08)	1.45	2.70
Series A and Series B Liberty Ventures common stock	$ NA	2.78	14.17

See accompanying notes to consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Statements Of Comprehensive Earnings (Loss)

Years ended December 31, 2019, 2018 and 2017

	2019	2018	2017
	amounts in millions		
Net earnings (loss)	$ (405)	964	2,487
Other comprehensive earnings (loss), net of taxes:			
Foreign currency translation adjustments	1	(48)	134
Recognition of previously unrealized losses (gains) on debt, net	(1)	16	—
Share of other comprehensive earnings (loss) of equity affiliates	—	(2)	3
Comprehensive earnings (loss) attributable to debt credit risk adjustments (note 8)	1	38	—
Other comprehensive earnings (loss)	1	4	137
Comprehensive earnings (loss)	(404)	968	2,624
Less comprehensive earnings (loss) attributable to the noncontrolling interests	52	50	50
Comprehensive earnings (loss) attributable to Qurate Retail, Inc. shareholders	$ (456)	918	2,574

See accompanying notes to consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Statements Of Cash Flows

Years ended December 31, 2019, 2018 and 2017

	2019	2018	2017
		amounts in millions (See note 3)	
Cash flows from operating activities:			
Net earnings (loss)	$ (405)	964	2,487
Adjustments to reconcile net earnings to net cash provided by operating activities:			
(Earnings) loss from discontinued operations	—	(141)	(452)
Depreciation and amortization	606	637	725
Impairment of intangible assets	1,167	33	—
Stock-based compensation	71	88	123
Noncash interest expense	5	6	—
Share of (earnings) losses of affiliates, net	160	162	200
Realized and unrealized (gains) losses on financial instruments, net	251	(76)	(145)
(Gains) losses on transactions, net	1	(1)	(410)
(Gains) losses on extinguishment of debt	(1)	24	—
Deferred income tax expense (benefit)	(243)	(185)	(1,157)
Other noncash charges (credits), net	9	3	39
Changes in operating assets and liabilities			
Current and other assets	59	(308)	(145)
Payables and other liabilities	(396)	67	225
Net cash provided (used) by operating activities	1,284	1,273	1,490
Cash flows from investing activities:			
Cash (paid) for acquisitions, net of cash acquired	—	—	22
Cash proceeds from dispositions of investments	—	562	3
Investment in and loans to cost and equity investees	(141)	(100)	(159)
Capital expenditures	(325)	(275)	(204)
Expenditures for television distribution rights	(134)	(140)	(51)
Other investing activities, net	—	—	(2)
Net cash provided (used) by investing activities	(600)	47	(391)
Cash flows from financing activities:			
Borrowings of debt	3,161	4,221	2,469
Repayments of debt	(3,274)	(4,395)	(2,631)
Repurchases of Qurate Retail common stock	(392)	(988)	(765)
GCI Liberty Split-Off	—	(475)	—
Withholding taxes on net share settlements of stock-based compensation	(7)	(29)	(70)
Indemnification payment from GCI Liberty, Inc.	—	133	—
Other financing activities, net	(149)	(41)	(39)
Net cash provided (used) by financing activities	(661)	(1,574)	(1,036)
Effect of foreign currency exchange rates on cash, cash equivalents and restricted cash	(2)	2	13
Net increase (decrease) in cash, cash equivalents and restricted cash	21	(252)	76
Cash, cash equivalents and restricted cash at beginning of period	660	912	836
Cash, cash equivalents and restricted cash at end of period	$ 681	660	912

See accompanying notes to consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Statements Of Equity

Years ended December 31, 2019, 2018 and 2017

	Stockholders' Equity									
		QVC Group		Liberty Ventures						
	Preferred Stock	Series A	Series B	Series A	Series B	Additional paid-in capital	Accumulated other comprehensive earnings (loss), net of taxes	Retained Earnings	Noncontrolling interest in equity of subsidiaries	Total equity
	amounts in millions									
Balance at January 1, 2017	$ —	5	—	1	—	—	(266)	7,032	89	6,861
Net earnings (loss)	—	—	—	—	—	—	—	2,441	46	2,487
Other comprehensive earnings (loss)	—	—	—	—	—	—	133	—	4	137
Stock-based compensation	—	—	—	—	—	123	—	—	—	123
Series A Qurate Retail stock repurchases	—	—	—	—	—	(765)	—	—	—	(765)
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(40)	(40)
Stock issued upon exercise of stock options	—	—	—	—	—	5	—	—	—	5
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	(70)	—	—	—	(70)
Issuance of Series A Qurate Retail stock in connection HSN acquisition (note 4)	—	—	—	—	—	1,343	—	—	—	1,343
Reclassification	—	—	—	—	—	405	—	(405)	—	—
Other	—	—	—	—	—	2	—	—	—	2
Balance at December 31, 2017	$ —	5	—	1	—	1,043	(133)	9,068	99	10,083
Net earnings (loss)	—	—	—	—	—	—	—	916	48	964
Other comprehensive earnings (loss)	—	—	—	—	—	—	2	—	2	4
Stock-based compensation	—	—	—	—	—	88	—	—	—	88
Series A Qurate Retail stock repurchases	—	(1)	—	—	—	(987)	—	—	—	(988)
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(40)	(40)
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	(29)	—	—	—	(29)
Cumulative effect of accounting change (note 2)	—	—	—	—	—	—	76	(70)	—	6
Reattribution of the Ventures Group to Qurate Retail	—	—	—	(1)	—	1	—	—	—	—
GCI Liberty Split-Off	—	—	—	—	—	(4,358)	—	—	11	(4,347)
Other	—	—	—	—	—	3	—	—	—	3
Reclassification	—	—	—	—	—	4,239	—	(4,239)	—	—
Balance at December 31, 2018	$ —	4	—	—	—	—	(55)	5,675	120	5,744
Net earnings (loss)	—	—	—	—	—	—	—	(456)	51	(405)
Other comprehensive earnings (loss)	—	—	—	—	—	—	—	—	1	1
Stock-based compensation	—	—	—	—	—	71	—	—	—	71
Series A Qurate Retail stock repurchases	—	—	—	—	—	(392)	—	—	—	(392)
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(40)	(40)
Other	—	—	—	—	—	(7)	—	—	—	(7)
Reclassification	—	—	—	—	—	328	—	(328)	—	—
Balance at December 31, 2019	$ —	4	—	—	—	—	(55)	4,891	132	4,972

See accompanying notes to consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

(1) Basis of Presentation

The accompanying consolidated financial statements include the accounts of Qurate Retail, Inc. (formerly named Liberty Interactive Corporation prior to the Transactions (defined and described below), or "Liberty") and its controlled subsidiaries (collectively, "Qurate Retail," the "Company," "we," "us," and "our") unless the context otherwise requires). All significant intercompany accounts and transactions have been eliminated in consolidation.

Qurate Retail, through its ownership of interests in subsidiaries and other companies, is primarily engaged in the video and online commerce industries in North America, Europe and Asia.

Prior to the Transactions (described and defined below), the Company utilized tracking stocks in its capital structure. A tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. Qurate Retail had two tracking stocks—QVC Group common stock and Liberty Ventures common stock, which were intended to track and reflect the economic performance of the businesses, assets and liabilities attributed to the QVC Group and the Ventures Group, respectively. The QVC Group was comprised of the Company's wholly-owned subsidiaries QVC, Inc., Zulily, LLC ("Zulily"), HSN, Inc. ("HSN") and Cornerstone Brands, Inc. ("Cornerstone"), among other assets and liabilities. The Ventures Group was comprised of businesses not included in the QVC Group including Evite, Inc. ("Evite") and our interests in Liberty Broadband Corporation ("Liberty Broadband"), LendingTree, Inc. ("LendingTree"), investments in Charter Communications, Inc. ("Charter") and ILG, Inc. ("ILG"), among other assets and liabilities. The Company's results are attributed to the QVC Group and the Ventures Group through March 9, 2018.

On December 29, 2017, Qurate Retail acquired the approximately62% of HSN it did not already own in an all-stock transaction making HSN a wholly-owned subsidiary. HSN stockholders (other than Qurate Retail) received fixed consideration of 1.65 shares of Series A QVC Group common stock ("QVCA") for each share of HSN common stock. Qurate Retail issued 53.6 million shares QVCA common stock to HSN stockholders. On December 31, 2018, Qurate Retail transferred its100% ownership interest in HSN to QVC, Inc. through a transaction among entities under common control. References throughout this annual report to "QVC" refer to QVC, Inc., which includes HSN, QVC U.S. and QVC International. Cornerstone remains a subsidiary of Qurate Retail.

On March 9, 2018, Qurate Retail completed the transactions contemplated by the Agreement and Plan of Reorganization (as amended, the "Reorganization Agreement," and the transactions contemplated thereby, the "Transactions") among General Communication, Inc. ("GCI"), an Alaska corporation, and Liberty Interactive LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Qurate Retail ("LI LLC"). Pursuant to the Reorganization Agreement, GCI amended and restated its articles of incorporation (which resulted in GCI being renamed GCI Liberty, Inc. ("GCI Liberty")) and effected a reclassification and auto conversion of its common stock. After market close on March 8, 2018, Qurate Retail's board of directors approved the reattribution of certain assets and liabilities from Qurate Retail's Ventures Group to its QVC Group, which was effective immediately. The reattributed assets and liabilities included cash, Qurate Retail's interest in ILG, certain green energy investments, LI LLC's exchangeable debentures, and certain tax benefits.

Following these events, Qurate Retail acquired GCI Liberty through a reorganization in which certain Qurate Retail interests, assets and liabilities attributed to the Ventures Group were contributed (the "contribution") to GCI Liberty in exchange for a controlling interest in GCI Liberty. Qurate Retail and LI LLC contributed to GCI Liberty their entire equity interest in Liberty Broadband, Charter, and LendingTree, the Evite operating business and other assets and liabilities attributed to Qurate Retail's Venture Group (following the reattribution), in exchange for (a) the issuance to LI LLC of a number of shares of GCI Liberty Class A Common Stock and a number of shares of GCI Liberty Class B Common Stock equal to the number of outstanding shares of Series A Liberty Ventures common stock and Series B Liberty Ventures

Table of Contents

common stock on March 9, 2018, respectively, (b) cash and (c) the assumption of certain liabilities by GCI Liberty.The following is a reconciliation of the assets and liabilities that were derecognized by the Company (in millions) at the date of the GCI Liberty Split-Off (as defined below):

Investment in Liberty Broadband	$	3,822
Investment in Charter		1,866
Corporate Cash		475
Margin Loan		(996)
Deferred Income Tax Liabilities		(550)
Other, net		(270)
	$	4,347

Following the contribution, Qurate Retail effected a tax-free separation of its controlling interest in the combined company (the "GCI Liberty Split-Off"), GCI Liberty, to the holders of Liberty Ventures common stock in full redemption of all outstanding shares of such stock, in which each outstanding share of Series A Liberty Ventures common stock was redeemed for one share of GCI Liberty Class A common stock and each outstanding share of Series B Liberty Ventures common stock was redeemed for one share of GCI Liberty Class B common stock. Simultaneous with the closing of the Transactions, QVC Group common stock became the only outstanding common stock of Qurate Retail, and thus QVC Group common stock ceased to function as a tracking stock. On April 9, 2018, Liberty Interactive Corporation was renamed Qurate Retail, Inc. On May 23, 2018, Qurate Retail amended its charter to eliminate the tracking stock capitalization structure and reclassify each share of QVC Group common stock into one share of the corresponding series of new common stock of Qurate Retail. Throughout this annual report, we refer to our Series A and Series B common stock as "Qurate Retail common stock" and "QVC Group common stock." In July 2018, the Internal Revenue Service ("IRS") completed its review of the GCI Liberty Split-Off and informed Qurate Retail that it agreed with the nontaxable characterization of the transactions. Qurate Retail received an Issue Resolution Agreement from the IRS documenting this conclusion.

On October 17, 2018, Qurate Retail announced a series of initiatives designed to better position its HSN and QVC U.S. businesses ("QRG Initiatives"). As part of the QRG Initiatives, QVC will close its fulfillment centers in Lancaster, Pennsylvania and Roanoke, Virginia and leased a new fulfillment center in Bethlehem, Pennsylvania, that commenced in 2019 (see note 9). Qurate Retail recorded transaction related costs of $41 million during the year ended December 31, 2018 related to the QRG Initiatives, which primarily related to severance costs. Also, as a result of changes in internal reporting from the QRG Initiatives, during the first quarter of 2019 the Company changed its reportable segments to combine HSN and QVC U.S. into one reportable segment called "QxH."

Qurate Retail and GCI Liberty (for accounting purposes a related party of Qurate Retail) entered into a tax sharing agreement. Pursuant to that tax sharing agreement, GCI Liberty has agreed to indemnify Qurate Retail for taxes and tax-related losses resulting from the GCI Liberty Split-Off to the extent such taxes or tax-related losses (i) result primarily from, individually or in the aggregate, the breach of certain restrictive covenants made by GCI Liberty (applicable to actions or failures to act by GCI Liberty and its subsidiaries following the completion of the GCI Liberty Split-Off), or (ii) result from Section 355(e) of the Internal Revenue Code applying to the GCI Liberty Split-Off as a result of the GCI Liberty Split-Off being 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 vote or value) in the stock of GCI Liberty (or any successor corporation).

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

Qurate Retail and Liberty Media Corporation ("LMC") (for accounting purposes a related party of Qurate Retail) entered into certain agreements in order to govern certain of the ongoing relationships between the two companies. These agreements include a reorganization agreement, a services agreement (the "Services Agreement"), a facilities sharing agreement (the "Facilities Sharing Agreement") and a tax sharing agreement (the "Tax Sharing Agreement"). The Tax Sharing Agreement provides for the allocation and indemnification of tax liabilities and benefits between Qurate Retail and LMC and other agreements related to tax matters. Qurate Retail 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. Any potential outcome associated with any proposed adjustments would be covered by the Tax Sharing Agreement and are not expected to have any impact on Qurate Retail's financial position. Pursuant to the Services Agreement, LMC provides Qurate Retail with general and administrative services including legal, tax, accounting, treasury and investor relations support. See below for a description of an amendment to the services agreement entered into in December 2019. Qurate Retail reimburses LMC for direct, out-of-pocket expenses incurred by LMC in providing these services and for Qurate Retail's allocable portion of costs associated with any shared services or personnel based on an estimated percentage of time spent providing services to Qurate Retail. Under the Facilities Sharing Agreement, Qurate Retail shares office space with LMC and related amenities at LMC's corporate headquarters. Under these various agreements approximately $8 million, $8 million and $11 million of these allocated expenses were reimbursable from Qurate Retail to LMC for the years ended December 31, 2019, 2018 and 2017, respectively. Qurate Retail had a tax sharing payable of approximately $95 million and $114 million as of December 31, 2019 and 2018, respectively, included in Other liabilities in the consolidated balance sheets.

In December 2019, the Company entered into an amendment to the Services Agreement in connection with LMC's entry into a new employment arrangement with Gregory B. Maffei, the Company's Chairman of the Board (the "Chairman"). Under the amended Services Agreement, components of his compensation will either be paid directly to him by each of the Company, Liberty TripAdvisor Holdings, Inc., GCI Liberty, Inc., and Liberty Broadband Corporation. (collectively, the "Service Companies") or reimbursed to LMC, in each case, based on allocations among LMC and the Service Companies set forth in the amended Services Agreement, currently set at 19% for the Company. The new agreement provides for a five year employment term which began on January 1, 2020 and ends December 31, 2024, with an aggregate annual base salary of $3 million (with no contracted increase), an aggregate one-time cash commitment bonus of $5 million, an aggregate annual target cash performance bonus of $17 million, aggregate annual equity awards of $17.5 million and aggregate equity awards granted in connection with his entry into his new agreement of $90 million (the "upfront awards"). A portion of the grants made to our Chairman in the year ended December 31, 2019 related to our Company's allocable portion of these upfront awards.

(2) Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash equivalents consist of investments which are readily convertible into cash and have maturities of three months or less at the time of acquisition.

Receivables

Receivables are reflected net of an allowance for doubtful accounts and sales returns. A provision for bad debts is provided as a percentage of accounts receivable based on historical experience in the period of sale and included in selling, general and administrative expense. A provision for vendor receivables are determined based on an estimate of probable expected losses and included in cost of retail sales.

A summary of activity in the allowance for doubtful accounts is as follows:

	Balance beginning of year	Additions: Charged to expense	Additions: Other	Deductions- write-offs	Balance end of year
	amounts in millions				
2019	$ 117	130	4	(122)	129
2018	$ 92	123	3	(101)	117
2017	$ 99	73	(1)	(79)	92

Inventory

Inventory, consisting primarily of products held for sale, is stated at the lower of cost or market. Cost is determined by the average cost method, which approximates the first-in, first-out method. Assessments about the realizability of inventory require the Company to make judgments based on currently available information about the likely method of disposition including sales to individual customers, returns to product vendors, liquidations and the estimated recoverable values of each disposition category. Inventory is stated net of inventory obsolescence reserves of $152 million and $151 million for the years ended December 31, 2019 and 2018, respectively.

Investments

All marketable equity and debt securities held by the Company are carried at fair value, generally based on quoted market prices and changes in the fair value of such securities are reported in realized and unrealized gain (losses) on financial instruments in the accompanying consolidated statements of operations. The Company elected the measurement alternative (defined as the cost of the security, adjusted for changes in fair value when there are observable prices, less impairments) for its equity securities without readily determinable fair values. The Company had no equity securities for which it elected the fair value option as of December 31, 2019 and 2018.

For those investments in affiliates in which the Company has the ability to exercise significant influence, the equity method of accounting is used, except in situations where the fair value option has been selected. Under the equity method of accounting, the investment, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the affiliate as they occur rather than as dividends or other distributions are received. Losses are limited to the extent of the Company's investment in, advances to and commitments for the investee. In the event the Company is unable to obtain accurate financial information from an equity affiliate in a timely manner, the Company records its share of earnings or losses of such affiliate on a lag.

The Company performs a qualitative assessment each reporting period for its equity securities without readily determinable fair values to identify whether an equity security could be impaired. When our qualitative assessment indicates that an impairment could exist, we estimate the fair value of the investment and to the extent the fair value is less than the carrying value, we record the difference as an impairment in the consolidated statements of operations.

Derivative Instruments and Hedging Activities

All of the Company's derivatives, whether designated in hedging relationships or not, are recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in other comprehensive earnings and are recognized in the statements of operations when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings. If the derivative is not designated as a hedge, changes in the fair value of the derivative are recognized in earnings.

The Company generally enters into derivative contracts that it intends to designate as a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). For all hedging relationships, the Company formally documents the hedging relationship and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method of measuring ineffectiveness. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded in accumulated other comprehensive income to the extent that the derivative is effective as a hedge, until earnings are affected by the variability in cash flows of the designated hedged item. The ineffective portion of the change in fair value of a derivative instrument that qualifies as a cash flow hedge is reported in earnings.

Property and Equipment

Property and equipment consisted of the following:

	December 31, 2019	December 31, 2018
	amounts in millions	
Land	$ 128	128
Buildings and improvements	1,204	1,194
Support equipment	1,023	1,302
Projects in progress	169	61
Finance lease right-of-use ("ROU") assets	282	—
Total property and equipment	$ 2,806	2,685

Property and equipment, including significant improvements, is stated at amortized cost, less impairment losses, if any. Depreciation is computed using the straight-line method using estimated useful lives of 2 to 15 years for support equipment and 3 to 39 years for buildings and improvements. Depreciation expense for the years ended December 31, 2019, 2018 and 2017 was $220 million, $211 million and $176 million, respectively.

Intangible Assets

Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment upon certain triggering events. Goodwill and other intangible assets with indefinite useful lives (collectively, "indefinite lived intangible assets") are not amortized, but instead are tested for impairment at least annually. Our annual impairment assessment of our indefinite-lived intangible assets is performed during the fourth quarter of each year.

In January 2017, the FASB issued new accounting guidance to simplify the measurement of goodwill impairment. Under the new guidance, an entity no longer performs a hypothetical purchase price allocation to measure goodwill impairment. Instead, a goodwill impairment is measured using the difference between the carrying value and the fair value of the reporting unit. The Company early adopted this guidance during the fourth quarter of 2017.

In evaluating goodwill on a qualitative basis, the Company reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it was more likely than not that an indicated impairment exists for any of our reporting units. The Company considers whether there are any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, the legal environments and how these factors might impact company specific performance in future periods. As part of the analysis the Company also considers fair value determinations for certain reporting units that have been made at various points throughout the current year and prior year for other purposes. If based on the qualitative analysis it is more likely than not that an impairment exists, the Company performs the quantitative impairment test.

The quantitative goodwill impairment test compares the estimated fair value of a reporting unit to its carrying value. Developing estimates of fair value requires significant judgments, including making assumptions about appropriate discount rates, perpetual growth rates, relevant comparable market multiples, public trading prices and the amount and timing of expected future cash flows. The cash flows employed in Qurate Retail's valuation analyses are based on management's best estimates considering current marketplace factors and risks as well as assumptions of growth rates in future years. There is no assurance that actual results in the future will approximate these forecasts.

The accounting guidance also permits entities to first perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset, other than goodwill, is impaired. The accounting guidance also allows entities the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to the quantitative impairment test. The entity may resume performing the qualitative assessment in any subsequent period. If the qualitative assessment supports that it is more likely than not that the carrying value of the Company’s indefinite-lived intangible assets, other than goodwill, exceeds its fair value, then a quantitative assessment is performed. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Impairment of Long-lived Assets

The Company periodically reviews the carrying amounts of its property and equipment and its intangible assets (other than goodwill and indefinite-lived intangible assets) to determine whether current events or circumstances indicate that such carrying amounts may not be recoverable. If the carrying amount of the asset group is greater than the expected undiscounted cash flows to be generated by such asset group, including its ultimate disposition, an impairment adjustment is to be recognized. Such adjustment is measured by the amount that the carrying value of such asset groups exceeds their fair value. The Company generally measures fair value by considering sale prices for similar asset groups or by discounting estimated future cash flows using an appropriate discount rate. Considerable management judgment is necessary to estimate the fair value of asset groups. Accordingly, actual results could vary significantly from such estimates. Asset groups to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

Noncontrolling Interests

The Company reports noncontrolling interests of subsidiaries within equity in the balance sheet and the amount of consolidated net income attributable to the parent and to the noncontrolling interest is presented in the statements of operations. Also, changes in ownership interests in subsidiaries in which the Company maintains a controlling interest are recorded in equity.

Foreign Currency Translation

The functional currency of the Company is the U.S. Dollar. The functional currency of the Company's foreign operations generally is the applicable local currency for each foreign subsidiary. Assets and liabilities of foreign subsidiaries are translated at the spot rate in effect at the applicable reporting date, and the consolidated statements of operations are translated at the average exchange rates in effect during the applicable period. The resulting unrealized cumulative translation adjustment, net of applicable income taxes, is recorded as a component of accumulated other comprehensive earnings in stockholders' equity.

Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses which are reflected in the accompanying consolidated statements of operations and comprehensive earnings (loss) as unrealized (based on the applicable period-end exchange rate) or realized upon settlement of the transactions. These realized and unrealized gains and losses are reported in the Other, net line item in the consolidated statements of operations.

Revenue Recognition

On January 1, 2018, the Company adopted the revenue accounting standard (“ASC 606”) using the modified retrospective method. The guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The Company recognized the cumulative effect of initially applying the revenue standard as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company does not expect the adoption of the new revenue standard to have a material impact to our net income on an ongoing basis.

In accordance with the revenue standard requirements, the following table illustrates the impact on our reported results in the consolidated statements of operations assuming we did not adopt the new revenue standard on January 1, 2018. Other than as previously discussed, upon the adoption of the new revenue standard on January 1, 2018, there were no additional material adjustments to our consolidated balance sheet as of December 31, 2018.

		As reported Year ended December 31, 2018	Impact of ASC 606	Balance without adoption of ASC 606
			in millions	
Net revenue	$	14,070	(154)	13,916
Cost of retail sales	$	9,209	(13)	9,196
Selling, general and administrative expenses, including stock-based compensation and transaction related costs	$	1,897	(126)	1,771
Operating expense	$	970	(2)	968
Income tax (expense) benefit	$	(60)	2	(58)
Net income	$	916	(11)	905

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

The effect of changes of adoption is primarily due to changes in the timing of revenue recognition and the classification of credit card income for the QVC-branded credit card and the HSN-branded credit card. For the year ended December 31, 2018, revenue is recognized at the time of shipment to our customers consistent with when control passes and credit card income is recognized in revenue. For the year ended December 31, 2017, revenue was recognized at the time of delivery to the customers and deferred revenue, as well as inventory and related expenses, were recorded to account for the shipments in-transit. In addition, credit card income was recognized as an offset to selling, general and administrative expenses. The Company recognized a separate $124 million and $121 million asset (included in other current assets) relating to the expected return of inventory and a $261 million and $266 million liability (included in other current liabilities) relating to its sales return reserve at December 31, 2019 and 2018, respectively, instead of the net presentation that was used at December 31, 2017.

Disaggregated revenue by segment and product category consisted of the following:

	Year ended December 31, 2019				
	QxH	QVC Int'l	Zulily	Corp and other	Total
	in millions				
Home	$ 3,047	905	422	729	5,103
Beauty	1,299	659	53	—	2,011
Apparel	1,289	422	582	172	2,465
Accessories	918	376	416	—	1,710
Electronics	1,141	107	15	—	1,263
Jewelry	402	226	54	—	682
Other revenue	181	14	29	—	224
Total Revenue	$ 8,277	2,709	1,571	901	13,458

	Year ended December 31, 2018				
	QxH	QVC Int'l	Zulily	Corp and other	Total
	in millions				
Home	$ 3,175	1,023	511	791	5,500
Beauty	1,326	640	50	—	2,016
Apparel	1,323	453	684	180	2,640
Accessories	933	273	472	—	1,678
Electronics	1,129	119	18	—	1,266
Jewelry	473	213	53	—	739
Other revenue	185	17	29	—	231
Total Revenue	$ 8,544	2,738	1,817	971	14,070

Consumer Product Revenue and Other Revenue. Qurate Retail's revenue includes sales of consumer products in the following categories: home, apparel, beauty, accessories, electronics and jewelry, which are primarily sold through live merchandise-focused televised shopping programs and via our websites and other interactive media, including catalogs.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

Other revenue consists primarily of income generated from our company branded credit cards in which a large consumer financial services company provides revolving credit directly to the Company's customers for the sole purpose of purchasing merchandise or services with these cards. In return, the Company receives a portion of the net economics of the credit card program.

Revenue Recognition. Revenue is recognized when obligations with our customers are satisfied; generally this occurs at the time of shipment to our customers consistent with when control of the shipped product passes. The recognized revenue reflects the consideration we expect to receive in exchange for transferring goods, net of allowances for returns.

The Company recognizes revenue related to its company branded credit cards over time as the credit cards are used by Qurate Retail's customers.

Sales, value add, use and other taxes we collect concurrent with revenue-producing activities are excluded from revenue.

The Company has elected to treat shipping and handling activities that occur after the customer obtains control of the goods as a fulfillment cost and not as a promised good or service. Accordingly, the Company accrues the related shipping costs and recognizes revenue upon delivery of goods to the shipping carrier. In electing this accounting policy, all shipping and handling activities are treated as fulfillment costs.

The Company generally has payment terms with its customers of one year or less and has elected the practical expedient applicable to such contracts not to consider the time value of money.

Significant Judgments. Qurate Retail's products are generally sold with a right of return and we may provide other credits or incentives, which are accounted for as variable consideration when estimating the amount of revenue to recognize. Returns and credits are estimated at contract inception and updated at the end of each reporting period as additional information becomes available. The Company has determined that it is the principal in vendor arrangements as the Company can establish control over the goods prior to shipment. Accordingly, the Company records revenue for these arrangements on a gross basis.

An allowance for returned merchandise is provided as a percentage of sales based on historical experience. The total reduction in sales due to returns for the years ended December 31, 2019, 2018 and 2017 aggregated $2,336 million, $2,434 million and $1,861 million, respectively. Sales tax collected from customers on retail sales is recorded on a net basis and is not included in revenue.

A summary of activity in the allowance for sales returns, is as follows:

	Balance beginning of year	Additions - charged to earnings	Deductions	Acquisition of HSN	Balance end of year
			in millions		
2019	$ 266	2,336	(2,341)	-	261
2018 (1)	$ 267	2,434	(2,435)	-	266
2017	$ 98	1,027	(1,023)	35	137

(1) Amounts in 2018 and 2019 include the impact of adoption of ASC 606.

Cost of Sales

Cost of sales primarily includes actual product cost, provision for obsolete inventory, buying allowances received from suppliers, shipping and handling costs and warehouse costs.

Stock-Based Compensation

As more fully described in note 13, the Company has granted to its directors, employees and employees of its subsidiaries options, restricted stock and stock appreciation rights relating to shares of Qurate Retail and/or Liberty Ventures common stock ("Qurate Retail common stock") (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an Award of equity instruments (such as stock options and restricted stock) based on the grant-date fair value ("GDFV") of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). The Company measures the cost of employee services received in exchange for an Award of liability instruments (such as stock appreciation rights that will be settled in cash) based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date.

Stock compensation expense was $71 million, $88 million and $123 million for the years ended December 31, 2019, 2018 and 2017, respectively, included in selling, general and administrative expense in the accompanying consolidated statements of operations.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value amounts and income tax bases of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards. The deferred tax assets and liabilities are calculated using enacted tax rates in effect for each taxing jurisdiction in which the Company operates for the year in which those temporary differences are expected to be recovered or settled. Net deferred tax assets are then reduced by a valuation allowance if the Company believes it more likely than not such net deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of an enacted change in tax rates is recognized in income in the period that includes the enactment date.

When the tax law requires interest to be paid on an underpayment of income taxes, the Company recognizes interest expense from the first period the interest would begin accruing according to the relevant tax law. Such interest expense is included in interest expense in the accompanying consolidated statements of operations. Any accrual of penalties related to underpayment of income taxes on uncertain tax positions is included in other income (expense) in the accompanying consolidated statements of operations.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

Earnings (Loss) Attributable to Qurate Retail Stockholders and Earnings (Loss) Per Common Share

Net earnings (loss) attributable to Qurate Retail stockholders is comprised of the following (amounts in millions):

		Years ended December 31,		
		2019	2018	2017
Qurate Retail				
Net earnings (loss) from continuing operations	$	(456)	674	1,208
Net earnings (loss) from discontinued operations	$	NA	NA	NA
Liberty Ventures				
Net earnings (loss) from continuing operations	$	NA	101	781
Net earnings (loss) from discontinued operations	$	NA	141	452

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) attributable to such common stock by the weighted average number of common shares outstanding (“WASO”) for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented.

Series A and Series B Qurate Retail Common Stock

EPS for all periods through December 31, 2019, is based on the following weighted average shares outstanding. Excluded from diluted EPS for the years ended December 31, 2019, 2018 and 2017 are approximately 22 million, 25 million and 20 million potential common shares, respectively, because their inclusion would be antidilutive.

	Years ended December 31,		
	2019	2018	2017
	number of shares in millions		
Basic WASO	424	462	445
Potentially dilutive shares	—	3	3
Diluted WASO	424	465	448

Series A and Series B Liberty Ventures Common Stock

EPS for all periods through December 31, 2019, is based on the following weighted average shares outstanding. Excluded from diluted EPS for the years ended December 31, 2018 and 2017 are less than a million potential common shares because their inclusion would be antidilutive.

	Years ended December 31,		
	2019	2018 (1)	2017
	number of shares in millions		
Basic WASO	NA	86	86
Potentially dilutive shares	NA	1	1
Diluted WASO	NA	87	87

(1) All of the outstanding shares of Liberty Ventures Series A and B common stock were redeemed for GCI Liberty Series A and B common stock as a result of the GCI Liberty Split-Off on March 9, 2018.

Reclasses and adjustments

Certain prior period amounts have been reclassified for comparability with the current year presentation.

As a result of repurchases of Series A Qurate Retail common stock, the Company's additional paid-in capital balance was in a deficit position in certain quarterly periods during the year ended December 31, 2019. In order to maintain a zero balance in the additional paid-in capital account, we reclassified the amount of the deficit ($328 million) at December 31, 2019 to retained earnings.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Qurate Retail considers (i) recurring and non-recurring fair value measurements, (ii) accounting for income taxes and (iii) estimates of retail-related adjustments and allowances to be its most significant estimates.

New Accounting Pronouncements Not Yet Adopted

Internal-Use Software. In August 2018, the FASB issued new guidance which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The guidance will be effective for the Company in the first quarter of 2020 with early adoption permitted. The Company is currently assessing the impact that adopting this new accounting standard will have on its consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

(3) Supplemental Disclosures to Consolidated Statements of Cash Flows

	Years ended December 31, 2019	2018	2017
	amounts in millions		
Cash paid for acquisitions:			
Fair value of assets acquired	$ —	(11)	956
Intangible assets not subject to amortization	—	—	1,577
Intangible assets subject to amortization	—	(4)	651
Net liabilities assumed	—	10	(977)
Deferred tax assets (liabilities)	—	5	(281)
Fair value of equity consideration	—	—	(1,948)
Cash paid (received) for acquisitions, net of cash acquired	$ —	—	(22)
Cash paid for interest	$ 360	362	343
Cash paid for income taxes	$ 175	226	158
Non-cash capital additions obtained in exchange for liabilities	$ 36	—	—

In November 2016, the FASB issued new accounting guidance which requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. The Company adopted this guidance during the first quarter of 2018 and has reclassified prior period balances in cash and cash equivalents within the consolidated statements of cash flows in order to conform with current period presentation. The following table reconciles cash, cash equivalents and restricted cash reported in our consolidated balance sheets to the total amount presented in our consolidated statements of cash flows:

	December 31, 2019	December 31, 2018
	in millions	
Cash and cash equivalents	$ 673	653
Restricted cash included in other current assets	8	7
Total cash, cash equivalents and restricted cash in the consolidated statement of cash flows	$ 681	660

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

(4) Acquisitions

On December 29, 2017, Qurate Retail acquired the approximately62% of HSN it did not already own in an all-stock transaction making HSN a wholly-owned subsidiary, attributed to the QVC Group. HSN shareholders (other than Qurate Retail) received fixed consideration of 1.65 shares of Series A QVC Group common stock ("QVCA") for each share of HSN common stock. Qurate Retail issued 53.6 million shares of QVCA common stock to HSN shareholders. In conjunction with application of acquisition accounting, we recorded a full step up in basis of HSN which resulted in a $409 million gain. The fair market value of our ownership interest previously held in HSN ($605 million) was determined based on the trading price of QVCA common stock on the date of the acquisition (Level 1) less a control premium. The market value of the shares of QVCA common stock issued to HSN shareholders ($1.3 billion) was determined based on the trading price of QVCA common stock on the date of the acquisition. The total equity value of the transaction was $1.9 billion. Included in net earnings (loss) from continuing operations for the year ended December 31, 2017 is $43 million related to HSN's operations since the date of acquisition, which is primarily related to severance cost post acquisition. Of the $43 million, $38 million related to HSN ($8 million of which related to stock-based compensation expense and is included in Selling, general and administrative, including stock-based compensation expense in the consolidated statements of operations) and $5 million related to Cornerstone. With the exception of the $43 million of severance-related costs incurred on December 30, 2017, HSN's results of operations are not included in our consolidated operating results for the year ended December 31, 2017, as the final two days of the period were considered immaterial.

The pro forma revenue and net earnings from continuing operations of Qurate Retail, prepared utilizing the historical financial statements of HSN, giving effect to purchase accounting related adjustments made at the time of acquisition, as if the transaction discussed above occurred on January 1, 2016, are as follows:

		Year Ended December 31, 2017
		amounts in millions (unaudited)
Revenue	$	13,791
Net earnings (loss) from continuing operations	$	2,200

The pro forma information is not representative of Qurate Retail's future financial position, future results of operations or future cash flows nor does it reflect what Qurate Retail's financial position, results of operations or cash flows would have been as if the transaction had happened previously and Qurate Retail controlled HSN during the periods presented. The pro forma information includes a nonrecurring adjustment for transaction costs incurred as a result of the acquisition.

(5) Disposals

Disposals - Presented as Discontinued Operations

On March 9, 2018, Qurate Retail completed the GCI Liberty Split-Off. At the time of the GCI Liberty Split-Off, GCI Liberty was comprised of, among other things, GCI Liberty's legacy business, Qurate Retail's former interest in Liberty Broadband, Charter and LendingTree, and Qurate Retail's former wholly-owned subsidiary Evite. Qurate Retail viewed Liberty Broadband, LendingTree and Evite as separate components and evaluated them separately for discontinued operations presentation. As Qurate Retail's former interest in Charter was accounted for as an available for sale investment it did not meet the definition of a component for discontinued operation presentation. The disposition of Liberty Broadband

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

was considered significant to the overall financial statements. Accordingly, the accompanying consolidated financial statements of Qurate Retail have been prepared to reflect Qurate Retail's interest in Liberty Broadband as a discontinued operation for the years ended December 31, 2018 and 2017. The disposition of LendingTree and Evite as part of the GCI Liberty Split-Off does not have a major effect on Qurate Retail's historical or future results. Accordingly, LendingTree and Evite are not presented as discontinued operations in the accompanying consolidated financial statements of Qurate Retail. LendingTree and Evite are included in the Corporate and other segment through March 8, 2018. See "Disposals – Not Presented as Discontinued Operations" below for additional information regarding Evite and LendingTree.

Certain financial information for Qurate Retail's investment in Liberty Broadband, which is included in earnings (loss) from discontinued operations, is as follows (amounts in millions):

	Years ended December 31,		
	2019	2018	2017
Earnings (loss) before income taxes	$ NA	187	473
Income tax (expense) benefit	$ NA	(46)	(21)

The combined impact from discontinued operations, discussed above, is as follows:

	Years ended December 31,		
	2019	2018	2017
Basic earnings (loss) from discontinued operations attributable to Qurate Retail shareholders per common share (note 2):			
Series A and Series B Qurate Retail common stock	$ NA	NA	NA
Series A and Series B Liberty Ventures common stock	$ NA	1.64	5.26
Diluted earnings (loss) from discontinued operations attributable to Qurate Retail shareholders per common share (note 2):			
Series A and Series B Qurate Retail common stock	$ NA	NA	NA
Series A and Series B Liberty Ventures common stock	$ NA	1.62	5.20

Prior to the GCI Liberty Split-Off, Qurate Retail accounted for the investment in Liberty Broadband at its fair value. Accordingly, Liberty Broadband's assets, liabilities and results of operations were not included in Qurate Retail's consolidated financial statements. Summary financial information for Liberty Broadband for the periods prior to the GCI Liberty Split-Off is as follows:

	Year ended December 31, 2017
	amounts in millions
Operating income	$ (25)
Share of earnings (loss) of affiliate	$ 2,509
Gain (loss) on dilution of investment in affiliate	$ (18)
Income tax (expense) benefit	$ (417)
Net earnings (loss) attributable to Liberty Broadband shareholders	$ 2,034

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

Disposals – Not Presented as Discontinued Operations

As discussed above, on March 9, 2018, Qurate Retail completed the GCI Liberty Split-Off. Although Liberty Broadband has been presented as a discontinued operation, Evite and LendingTree are not presented as discontinued operations. Included in revenue in the accompanying consolidated statements of operations is $3 million and $24 million for the years ended December 31, 2018 and 2017, respectively, related to Evite. Included in net earnings (loss) in the accompanying consolidated statements of operations are losses of $2 million and $3 million, for the years ended December 31, 2018 and 2017, respectively, related to Evite. Included in net earnings (loss) in the accompanying consolidated statements of operations are earnings of less than a million and $6 million for the years ended December 31, 2018 and 2017, respectively, related to LendingTree.

(6) Assets and Liabilities Measured at Fair Value

For assets and liabilities required to be reported at fair value, GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs, other than quoted market prices included within Level 1, are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The Company does not have any recurring assets or liabilities measured at fair value that would be considered Level 3.

The Company's assets and liabilities measured at fair value are as follows:

	December 31, 2019			December 31, 2018		
Description	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**
			amounts in millions			
Cash equivalents	$ 339	339	—	310	310	—
Indemnification asset (1)	$ 202	—	202	79	—	79
Debt	$ 1,557	—	1,557	1,334	—	1,334

(1) The indemnification asset is included in Other current assets on the consolidated balance sheets as of December 31, 2019 and 2018.

The majority of the Company's Level 2 financial assets and liabilities are debt instruments with quoted market prices that are not considered to be traded on "active markets," as defined in GAAP. Accordingly, the debt instruments are reported in the foregoing table as Level 2 fair value.

Pursuant to an indemnification agreement, GCI Liberty has agreed to indemnify LI LLC for certain payments made to a holder of LI LLC's 1.75% Exchangeable Debentures due 2046 (the "1.75% Exchangeable Debentures"). An indemnity asset in the amount of $281 million was recorded upon completion of the GCI Liberty Split-Off. In June 2018, Qurate Retail repurchased 417,759 of the 1.75% Exchangeable Debentures for approximately $457 million, including accrued interest, and GCI Liberty made a payment under the indemnification agreement to Qurate Retail in the amount of $133 million. The remaining indemnification to LI LLC for certain payments made to a holder of the 1.75% Exchangeable Debentures pertains to the holder's ability to exercise its exchange right according to the terms of the debentures on or before October 5, 2023. Such amount will equal the difference between the exchange value and par value of the 1.75% Exchangeable Debentures at the time the exchange occurs. The indemnification asset recorded in the consolidated balance sheets as of December 31, 2019 represents the fair value of the estimated exchange feature included in the 1.75% Exchangeable Debentures primarily based on observable market data as significant inputs (Level 2). As of December 31, 2019, a holder of the 1.75% Exchangeable Debentures does have the ability to exchange and, accordingly, such indemnification asset is included as a current asset in our consolidated balance sheet as of that date. Additionally, as of December 31, 2019, 332,241 bonds of the 1.75% Exchangeable Debentures remain outstanding.

Realized and Unrealized Gains (Losses) on Financial Instruments

Realized and unrealized gains (losses) on financial instruments are comprised of changes in the fair value of the following:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Equity securities	$ (22)	155	434
Exchangeable senior debentures	(337)	(3)	(193)
Indemnification asset	123	(70)	—
Other financial instruments	(15)	(6)	(96)
	$ (251)	76	145

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

(7) Goodwill and Other Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

	QxH	QVC International	Zulily	Corporate and Other	Total
	amounts in millions				
Balance at January 1, 2018	$ 5,238	885	917	42	7,082
Foreign currency translation adjustments	—	(25)	—	—	(25)
Disposition (1)	—	—	—	(26)	(26)
Other (2)	(10)	—	—	(4)	(14)
Balance at December 31, 2018	5,228	860	917	12	7,017
Foreign currency translation adjustments	—	(1)	—	—	(1)
Impairment (3)	—	—	(440)	—	(440)
Balance at December 31, 2019	$ 5,228	859	477	12	6,576

(1) As a result of the GCI Liberty Split-Off on March 9, 2018, the Company disposed of its wholly-owned subsidiary Evite, resulting in a $26 million decrease to goodwill.

(2) As discussed in note 4, the preliminary purchase price allocation for the HSN acquisition was adjusted, resulting in a decrease to goodwill.

(3) See discussion of the 2019 impairment below.

Goodwill recognized from acquisitions primarily relates to assembled workforces, website community and other intangible assets that do not qualify for separate recognition.

As presented in the accompanying consolidated balance sheets, tradenames is the other significant indefinite lived intangible asset.

Intangible Assets Subject to Amortization

Intangible assets subject to amortization are comprised of the following:

	December 31, 2019			December 31, 2018		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	amounts in millions					
Television distribution rights	$ 764	(624)	140	723	(583)	140
Customer relationships	3,319	(2,891)	428	3,320	(2,768)	552
Other	1,343	(956)	387	1,329	(963)	366
Total	$ 5,426	(4,471)	955	5,372	(4,314)	1,058

The weighted average life of these amortizable intangible assets was approximately 9 years at the time of acquisition. However, amortization is expected to match the usage of the related asset and will be on an accelerated basis as demonstrated in table below.

Amortization expense for intangible assets with finite useful lives was $386 million, $426 million and $549 million for the years ended December 31, 2019, 2018 and 2017, respectively. Based on its amortizable intangible assets as of December 31, 2019, Qurate Retail expects that amortization expense will be as follows for the next five years (amounts in millions):

2020	$	319
2021	$	230
2022	$	143
2023	$	87
2024	$	74

Impairments

As a result of Zulily's deteriorating financial performance, Zulily initiated a process to evaluate its current business model and long-term business strategy in light of the challenging retail environment. Upon completing the evaluation of Zulily's model and long-term strategy, it was determined during the third quarter of 2019 that an indication of impairment existed for the Zulily reporting unit related to its tradename and goodwill. With the assistance of a third party specialist, the fair value of the tradename was determined using the relief from royalty method (Level 3), and an impairment in the amount of $580 million was recorded during the third quarter of 2019, in the impairment of intangible assets line item in the consolidated statements of operations. With the assistance of a third party specialist, the fair value of the Zulily reporting unit was determined using a discounted cash flow method (Level 3), and a goodwill impairment in the amount of $440 million was recorded during the third quarter of 2019, in the Impairment of intangible assets line item in the consolidated statements of operations. As of December 31, 2019, the Zulily reporting unit has accumulated goodwill impairment losses of $440 million. Based on the quantitative assessment performed during the third quarter of 2019 and the resulting impairment losses recorded, the estimated fair values of the tradename and the Zulily reporting unit do not significantly exceed their carrying values as of December 31, 2019.

The Company performed a qualitative goodwill impairment analysis during the fourth quarter of 2019 and 2018 and determined that triggering events existed at the HSN reporting unit in both periods due to a variety of factors, primarily HSN's inability to meet its 2019 and 2018 revenue projections. With the assistance of an external valuation expert, the Company determined the estimated business enterprise value of HSN, including its intangible assets and goodwill as of December 31, 2018, and the estimated value of its tradename intangible asset as of December 31, 2019 and December 31, 2018. In 2018 the business enterprise valuation was performed using a combination of a discounted cash flow model using HSN's projections of future operating performance (income approach) and market multiples (market approach) (Level 3). In both periods the tradename valuation was performed using a relief from royalties method, primarily using a discounted cash flow model using HSN's projections of future operating performance (income approach) and applying a royalty rate (market approach) (Level 3). As a result of the analysis, HSN recorded a $147 million and a $30 million impairment to its tradename intangible asset as of December 31, 2019 and December 31, 2018, respectively. No impairment of HSN's goodwill was necessary in 2018.

As of December 31, 2019 the Company had accumulated goodwill impairment losses of $440 million.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

(8) Debt

Debt is summarized as follows:

	Outstanding principal December 31, 2019	Carrying value December 31, 2019	Carrying value December 31, 2018
	amounts in millions		
Corporate level debentures			
8.5% Senior Debentures due 2029	$ 287	285	286
8.25% Senior Debentures due 2030	504	502	502
4% Exchangeable Senior Debentures due 2029	431	327	304
3.75% Exchangeable Senior Debentures due 2030	433	318	307
3.5% Exchangeable Senior Debentures due 2031	251	422	377
0.75% Exchangeable Senior Debentures due 2043	—	2	2
1.75% Exchangeable Senior Debentures due 2046	332	488	344
Subsidiary level notes and facilities			
QVC 3.125% Senior Secured Notes due 2019	—	—	399
QVC 5.125% Senior Secured Notes due 2022	500	500	500
QVC 4.375% Senior Secured Notes due 2023	750	750	750
QVC 4.85% Senior Secured Notes due 2024	600	600	600
QVC 4.45% Senior Secured Notes due 2025	600	599	599
QVC 5.45% Senior Secured Notes due 2034	400	399	399
QVC 5.95% Senior Secured Notes due 2043	300	300	300
QVC 6.375% Senior Secured Notes due 2067	225	225	225
QVC 6.25% Senior Secured Notes due 2068	500	500	—
QVC Bank Credit Facilities	1,235	1,235	1,320
Other subsidiary debt	—	—	188
Deferred loan costs	—	(40)	(29)
Total consolidated Qurate Retail debt	$ 7,348	7,412	7,373
Less debt classified as current		(1,557)	(1,410)
Total long-term debt		$ 5,855	5,963

Exchangeable Senior Debentures

Each $1,000 debenture of Liberty Interactive LLC's ("LI LLC") 4% Exchangeable Senior Debentures is exchangeable at the holder's option for the value of 3.2265 shares of Sprint Corporation ("Sprint") common stock and 0.7860 shares of CenturyLink, Inc. ("CenturyLink") common stock. LI LLC may, at its election, pay the exchange value in cash, Sprint and CenturyLink common stock or a combination thereof. LI LLC, at its option, may redeem the debentures, in whole or in part, for cash generally equal to the face amount of the debentures plus accrued interest.

Each $1,000 debenture of LI LLC's 3.75% Exchangeable Senior Debentures is exchangeable at the holder's option for the value of 2.3578 shares of Sprint common stock and 0.5746 shares of CenturyLink common stock. LI LLC may, at its election, pay the exchange value in cash, Sprint and CenturyLink common stock or a combination thereof. Qurate Retail, at its option, may redeem the debentures, in whole or in part, for cash equal to the face amount of the debentures plus accrued interest.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

Each $1,000 debenture of LI LLC's 3.5% Exchangeable Senior Debentures (the "Motorola Exchangeables") is exchangeable at the holder's option for the value of 5.2598 shares of Motorola Solutions, Inc. ("MSI"). The remaining exchange value is payable, at Qurate Retail's option, in cash or MSI stock or a combination thereof. LI LLC, at its option, may redeem the debentures, in whole or in part, for cash generally equal to the adjusted principal amount of the debentures plus accrued interest. As a result of various principal payments made to holders of the Motorola Exchangeables, the adjusted principal amount of each $1,000 debenture is $514 as of December 31, 2019. During the year ended December 31, 2019, holders exchanged, under the terms of the Motorola Exchangeables, approximately $58 million principal of the Motorola Exchangeables and Qurate Retail made cash payments of approximately $99 million to settle the obligations.

Each $1,000 original principal amount of the 0.75% Exchangeable Senior Debentures due 2043 is exchangeable for a basket of 3.1648 shares of common stock of Charter and 7.4199 shares of common stock of AT&T 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 Charter and Time Warner (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 issuer of Reference Shares as a reference company. Each Debenture is exchangeable at the option of the holder at any time, upon which they will be entitled to receive the Reference Shares attributable to such Debenture or, at the election of LI LLC, cash or a combination of Reference Shares and cash having a value equal to such Reference Shares. Upon exchange, holders will not be entitled to any cash payment representing accrued interest or outstanding additional distributions. Subsequent to December 31, 2017, an extraordinary additional distribution was made to the holders of the 0.75% Exchangeable Senior Debentures due 2043 in the amount of $11.9399 per $1,000 original principal of the debentures, which is attributable to the cash consideration of $18.50 per share paid to former holders of common stock of Time Inc. on January 31, 2018, in connection with the acquisition of Time Inc. by Meredith Corporation. The Company paid the extraordinary additional distribution on March 1, 2018, to holders of record of the 0.75% Exchangeable Senior Debentures due 2043 on February 14, 2018, the special record date for the extraordinary additional distribution.

In August 2016, Qurate Retail issued $750 million principal amount of new senior exchangeable debentures due September 2046 which bear interest at an annual rate of 1.75%. Each $1,000 debenture is exchangeable at the holder's option for the value of 2.9317 shares of Charter Class A common stock. Qurate Retail may, at its election, pay the exchange value in cash, Charter Class A common stock or a combination thereof. The number of shares of Charter Class A common stock attributable to a debenture represents an initial exchange price of approximately $341.10 per share. On October 5, 2023, Qurate Retail, at its option, may redeem the debentures, in whole or in part, for cash generally equal to the face amount of the debentures plus accrued interest. See note 6 for additional information about these debentures.

Qurate Retail has elected to account for all of its Exchangeables using the fair value option. Accordingly, changes in the fair value of these instruments are recognized as unrealized gains (losses) in the statements of operations. Qurate Retail will review the triggering events on a quarterly basis to determine whether a triggering event has occurred to require current classification of certain Exchangeables, see additional discussion below.

Qurate Retail has sold, split-off or otherwise disposed of all of its shares of MSI, Sprint, Charter and CenturyLink common stock which underlie the respective exchangeable senior debentures. Because such exchangeable debentures are exchangeable at the option of the holder at any time and Qurate Retail can no longer use owned shares to redeem the debentures, Qurate Retail has classified for financial reporting purposes the debentures that could be redeemed for cash as a current liability. Exchangeable senior debentures classified as current totaled $1,557 million at December 31, 2019. Although such amount has been classified as a current liability for financial reporting purposes, the Company believes the probability that the holders of such instruments will exchange a significant principal amount of the debentures prior to maturity is unlikely.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

Interest on the Company's exchangeable debentures is payable semi-annually based on the date of issuance. At maturity, all of the Company's exchangeable debentures are payable in cash.

In January 2016, the FASB issued new accounting guidance that is intended to improve the recognition and measurement of financial instruments. The Company adopted this guidance during the first quarter of 2018. A portion of the unrealized gain (loss) recognized on the Company's exchangeable debt accounted for at fair value is now presented in other comprehensive income as it relates to instrument specific credit risk on the consolidated statements of comprehensive income.

Senior Debentures

Interest on the 8.5% Senior Debentures due 2029 and the 8.25% Senior Debentures due 2030 (collectively, the "Senior Debentures") is payable semi-annually based on the date of issuance. The Senior Debentures are stated net of an aggregate unamortized discount of $4 million at December 31, 2019 and $3 million at December 31, 2018. Such discount is being amortized to interest expense in the accompanying consolidated statements of operations.

QVC Senior Secured Notes

On March 18, 2014, QVC issued $400 million principal amount of 3.125% Senior Secured Notes due 2019 at an issue price of 99.828% and $600 million principal amount of 4.85% Senior Secured Notes due 2024 at an issue price of 99.927% (collectively, the "March Notes"). The March Notes were secured by the capital stock of QVC and certain of QVC's subsidiaries and had equal priority to QVC's senior secured credit facility. In April 2019, QVC repaid the outstanding balance on the 3.125% Senior Secured Notes due 2019.

On August 21, 2014, QVC issued $600 million principal amount of 4.45% Senior Secured Notes due 2025 at an issue price of 99.860% and $400 million principal amount 5.45% Senior Secured Notes due 2034 at an issue price of 99.784% (collectively, the "August Notes"). The August Notes are secured by the capital stock of QVC and certain of QVC's subsidiaries and have equal priority to QVC's senior secured credit facility. During prior years, QVC issued $500 million principal amount of 5.125% Senior Secured Notes due 2022 at par, $750 million principal amount of 4.375% Senior Secured Notes due 2023 at par and $300 million principal amount of 5.95% Senior Secured Notes due 2043 at par.

In September 2018, QVC completed a registered debt offering for $225 million of 6.375% Senior Notes due 2067 (the "2067 Notes"). QVC has the option to call the 2067 Notes after 5 years at par value, plus accrued and unpaid interest.

On November 26, 2019, QVC completed a registered debt offering for $435 million of the 6.25% Senior Secured Notes due 2068 ("2068 Notes") at par. QVC granted an option for underwriters to purchase up to an additional $65 million of 2068 Notes which was exercised on December 6, 2019, bringing the aggregate principal borrowed to $500 million. QVC has the option to call the 2068 Notes after 5 years at par value, plus accrued and unpaid interest.

On February 4, 2020, QVC completed a registered debt offering for $575 million of the 4.75% Senior Secured Notes due 2027 (the "2027 Notes") at par. Interest on the 2027 Notes will be paid semi-annually in February and August, with payments commencing on August 15, 2020.

QVC Bank Credit Facilities

On December 31, 2018, QVC entered into the Fourth Amended and Restated Credit Agreement with Zulily as co-borrowers (collectively, the "Borrowers") which is a multi-currency facility that provides for a $3.65 billion (which was reduced to $2.95 billion, effective February 4, 2020 upon the closing of QVC's offering of the 2027 Notes) revolving credit facility, with a $450 million sub-limit for standby letters of credit and $1.5 billion of uncommitted incremental revolving loan commitments or incremental term loans. The Fourth Amended and Restated Credit Agreement includes a $ 400 million tranche that may be borrowed by QVC or Zulily, with a $50 million sub-limit for standby letters of credit. The remaining $3.25 billion (which was subsequently reduced to $2.55 billion upon reduction of the revolving credit facility, effective February 4, 2020) and any incremental loans may be borrowed only by QVC. Borrowings that are alternate base rate loans will bear interest at a per annum rate equal to the base rate plus a margin that varies between 0.25% to 0.75% depending on the Borrowers' combined ratio of consolidated total debt to consolidated EBITDA (the "Combined Consolidated Leverage Ratio"). Borrowings that are LIBOR loans will bear interest at a per annum rate equal to the applicable LIBOR plus a margin that varies between 1.25% and 1.75% depending on the Borrowers' Combined Consolidated Leverage Ratio. Each loan may be prepaid at any time and from time to time without penalty other than customary breakage costs. No mandatory prepayments will be required other than when borrowings and letter of credit usage exceed availability; provided that, if Zulily ceases to be controlled by Qurate Retail, all of its loans must be repaid and its letters of credit cash collateralized. The facility matures on December 31, 2023. Payment of loans may be accelerated following certain customary events of default.

The payment and performance of the borrowers' obligations (including Zulily's obligations) under the Fourth Amended and Restated Credit Agreement are guaranteed by each of QVC's Material Domestic Subsidiaries (as defined in the Fourth Amended and Restated Credit Agreement). Further, the borrowings under the Fourth Amended and Restated Credit Agreement are secured, *pari passu* with QVC's existing notes, by a pledge of all of QVC's equity interests. In addition, the payment and performance of the borrowers' obligations with respect to the $400 million tranche available to both QVC and Zulily are also guaranteed by Zulily and secured by a pledge of all of Zulily's equity interests.

The Fourth Amended and Restated Credit Agreement contains certain affirmative and negative covenants, including certain restrictions on QVC and Zulily and each of their respective restricted subsidiaries (subject to certain exceptions) with respect to, among other things: incurring additional indebtedness; creating liens on property or assets; making certain loans or investments; selling or disposing of assets; paying certain dividends and other restricted payments; dissolving, consolidating or merging; entering into certain transactions with affiliates; entering into sale or leaseback transactions; restricting subsidiary distributions; and limiting QVC's consolidated leverage ratio and the Borrowers' Combined Consolidated Leverage Ratio.

The interest rate on borrowings outstanding under the Fourth Amended and Restated Credit Agreement was 3.1% at December 31, 2019. Availability under the Fourth Amended and Restated Credit Agreement at December 31, 2019 was $ 2.4 billion (which was subsequently reduced to $1.7 billion upon the reduction of the revolving credit facility, effective February 4, 2020), including the remaining portion of the $400 million tranche available to Zulily and net of $23 million of outstanding standby letters of credit.

Interest Rate Swap Arrangements

During the year ended December 31, 2016, QVC entered into a three-year interest rate swap arrangement with a notional amount of $125 million to mitigate the interest rate risk associated with interest payments related to its variable rate debt. The swap arrangement did not qualify as a cash flow hedge under GAAP, and expired in June 2019. In July 2019, the Company entered into a three-year interest swap arrangement with a notional amount of $125 million. The swap arrangement did not qualify as a cash flow hedge under U.S. GAAP and the fair value of the swap instrument was in a net liability position of less than $1 million as of December 31, 2019. On December 31, 2018, QVC entered into a thirteen month interest rate swap arrangement that effectively converted $250 million of its variable rate bank credit facility to a fixed rate of 1.05% with a maturity date in January 2020. The swap instrument does not qualify as a cash flow hedge and the fair value of the swap instrument was in a net asset position of less than $1 million as of December 31, 2019. Changes in the fair value of the swaps are reflected in realized and unrealized gains (losses) on financial instruments, net in the accompanying consolidated statements of operations.

Other Subsidiary Debt

Other subsidiary debt at December 31, 2018 is comprised of capitalized satellite transponder lease obligations.

Debt Covenants

Qurate Retail and its subsidiaries were in compliance with all debt covenants at December 31, 2019.

Five Year Maturities

The annual principal maturities of Qurate Retail's debt, based on stated maturity dates, for each of the next five years is as follows (amounts in millions):

2020	$	11
2021	$	11
2022	$	512
2023	$	1,997
2024	$	613

Fair Value of Debt

Qurate Retail estimates the fair value of its debt based on the quoted market prices for the same or similar issues or on the current rate offered to Qurate Retail for debt of the same remaining maturities (Level 2). The 2067 Notes and 2068 Notes are traded on the New York Stock Exchange, and the Company considers them to be actively traded. As such, the 2067 Notes and 2068 Notes are valued based on their trading price (Level 1). The fair value, based on quoted prices of instruments not considered to be active markets, of Qurate Retail's publicly traded debt securities that are not reported at fair value in the accompanying consolidated balance sheets is as follows (amounts in millions):

	December 31,	
	2019	2018
Senior debentures	$ 804	786
QVC senior secured notes	$ 4,011	3,573

Due to the variable rate nature, Qurate Retail believes that the carrying amount of its subsidiary debt not discussed above approximated fair value at December 31, 2019.

(9) Leases

In February 2016 and subsequently, the FASB issued new guidance which revises the accounting for leases. Under the new guidance, entities that lease assets are required to recognize assets and liabilities on the balance sheet related to the rights and obligations created by those leases regardless of whether they are classified as finance or operating leases. In addition, new disclosures are required to meet the objective of enabling users of the financial statements to better understand the amount, timing, and uncertainty of cash flows arising from leases. The Company adopted this guidance, which established Accounting Standards Codification Topic 842 ("ASC 842"), on January 1, 2019 and elected the optional transition method that allowed for a cumulative-effect adjustment in the period of adoption. Results for reporting periods beginning after January 1, 2019 are presented under the new guidance, while prior period amounts were not adjusted and continue to be reported under the accounting standards in effect for those periods.

The Company elected certain of the available transition practical expedients, including those thatpermit it to not reassess (1) whether any expired or existing contracts are or contain leases, (2) the lease classification for any expired or existing leases, and (3) any initial direct costs for any existing leases as of the effective date. The Company did not elect the hindsight practical expedient, which permits entities to use hindsight in determining the lease term and assessing impairment. The most significant impact of the new guidance was the recognition of ROU assets and lease liabilities for operating leases. In addition, the Company elected the practical expedient to account for the lease and non-lease components as a single lease component and will not recognize right-of-use assets or lease liabilities for short-term leases, which are those leases with a term of twelve months or less at the lease commencement date.

The Company recognized $287 million of operating lease ROU assets, $51 million of short term operating lease liabilities and $259 million of long term operating lease liabilities on the consolidated balance sheet upon adoption of the new standard. The operating lease liabilities were determined based on the present value of the remaining rental payments and the operating lease ROU asset was determined based on the value of the lease liabilities, adjusted primarily for deferred rent, net of prepaid rent of $23 million.

The Company has finance lease agreements with transponder and transmitter network suppliers for the right to transmit its signals in the U.S. and Germany. The Company is also party to a finance lease agreement for data processing hardware and a warehouse. The Company also leases data processing equipment, facilities, office space, retail space and land. These leases are classified as operating leases. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future lease payments using our incremental borrowing rate.

Our leases have remaining lease terms of less than one year to 15 years some of which may include the option to extend for up to 14 years, and some of which include options to terminate the leases within less than one year.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

The components of lease cost during the year ended December 31, 2019 were as follows:

	Year ended December 31, 2019 in millions
Operating lease cost	$ 78
Finance lease cost	
Depreciation of leased assets	$ 20
Interest on lease liabilities	9
Total finance lease cost	$ 29

Prior to the adoption of ASC 842, rental expense under lease arrangements amounted to $80 million and $45 million for the years ended December 31, 2018 and 2017, respectively.

The remaining weighted-average lease term and the weighted-average discount rate were as follows:

	December 31, 2019
Weighted-average remaining lease term (years):	
Finance leases	9.2
Operating leases	9.1
Weighted-average discount rate:	
Finance leases	5.0%
Operating leases	4.9%

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

Supplemental balance sheet information related to leases was as follows:

	December 31, 2019
	in millions
Operating leases:	
Operating lease ROU assets (1)	$ 397
Current operating lease liabilities (2)	$ 64
Operating lease liabilities (3)	349
Total operating lease liabilities	$ 413
Finance Leases:	
Finance lease ROU assets (4)	$ 282
Finance lease ROU asset accumulated depreciation (4)	(129)
Finance lease ROU assets, net	$ 153
Current finance lease liabilities (2)	$ 18
Finance lease liabilities (3)	163
Total finance lease liabilities	$ 181

(1) Included within the Other assets, at cost, net of accumulated amortization line item on the consolidated balance sheets.
(2) Included within the Other current liabilities line item on the consolidated balance sheets.
(3) Included within the Other liabilities line item on the consolidated balance sheets.
(4) Included within the Property and equipment, net line item on the consolidated balance sheets.

Supplemental cash flow information related to leases was as follows:

	Year ended December 31, 2019
	in millions
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 75
Operating cash flows from finance leases	$ 9
Financing cash flows from finance leases	$ 22
ROU assets obtained in exchange for lease obligations	
Operating leases	$ 173
Finance leases	$ 16

Future lease payments under finance leases and operating leases with initial terms of one year or more at December 31, 2019 consisted of the following:

	Finance Leases	Operating Leases
	in millions	
2020	$ 26	81
2021	25	68
2022	25	60
2023	25	59
2024	23	56
Thereafter	108	224
Total lease payments	$ 232	548
Less: imputed interest	51	135
Total lease liabilities	$ 181	413

On October 5, 2018, QVC entered into a lease ("ECDC Lease") for an East Coast distribution center. The1.7 million square foot rental building is located in Bethlehem, Pennsylvania and will be leased to QVC for an initial term of 15 years. QVC obtained initial access to a portion of the ECDC Lease during March 2019 and obtained access to the remaining portion during September 2019. In total, QVC recorded a ROU asset of $141 million and an operating lease liability of$131 million relating to the ECDC Lease, with the difference attributable to prepaid rent. QVC is required to pay an initial base rent of $10 million per year, with payments that began in the third quarter of 2019, and increasing to $14 million per year, as well as all real estate taxes and other building operating costs. QVC also has theoption to extend the term of the ECDC Lease for up totwo consecutive terms of 5 years each and one final term of 4 years.

(10) Income Taxes

On December 22, 2017, the U.S. government enacted the Tax Act. The Tax Act made broad and complex changes to the U.S. tax code, the most significant of which was a reduction to the U.S. federal corporate tax rate from 35 percent to 21 percent. The Company reflected the income tax effects of the Tax Act for which the accounting was known as of December 31, 2017 and made immaterial revisions to such amounts during the allowed one year measurement period. As of December 31, 2018, the Company had completed its analysis of the tax effects of the Tax Act.

The corporate rate reduction was applied to our inventory of deferred tax assets and deferred tax liabilities which resulted in the net tax benefit in the period ended December 31, 2017.

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Current:			
Federal	$ 94	(126)	(61)
State and local	(27)	(35)	(23)
Foreign	(93)	(84)	(88)
	$ (26)	(245)	(172)
Deferred:			
Federal	$ 247	131	1,252
State and local	(5)	57	(95)
Foreign	1	(3)	—
	243	185	1,157
Income tax benefit (expense)	$ 217	(60)	985

The following table presents a summary of our domestic and foreign earnings from continuing operations before income taxes:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Domestic	$ (858)	683	841
Foreign	236	200	209
Total	$ (622)	883	1,050

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 21% in 2019 and 2018 and 35% in 2017 as a result of the following:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Computed expected tax benefit (expense)	$ 131	(186)	(367)
State and local income taxes, net of federal income taxes	9	(13)	(16)
Foreign taxes, net of foreign tax credits	(1)	(5)	(32)
Dividends received deductions	—	—	10
Alternative energy tax credits and incentives	152	92	85
Change in valuation allowance affecting tax expense	(51)	9	(100)
Change in tax rate due to Tax Act	—	—	1,317
Change in state tax rate	(23)	61	(71)
Change in tax rate - tax loss carryback	45	—	—
Consolidation of equity investment	—	—	138
Tax write-off of consolidated subsidiary	34	—	—
Impairment of intangible asset	(93)	—	—
Other, net	14	(18)	21
Income tax benefit (expense)	$ 217	(60)	985

For the year ended December 31, 2019 income tax benefit was greater than the U.S. statutory rate of 21% due to tax benefits from tax credits and incentives generated by our alternative energy investments and tax benefits from losses generated in 2019 that were eligible for carryback to tax years with federal income tax rates greater than the U.S. statutory tax rate of 21%, partially offset by a goodwill impairment that is not deductible for tax purposes and an increase in the valuation allowance against certain deferred tax assets.

For the year ended December 31, 2018 income tax expense was lower than the U.S. statutory rate of 21% due to tax benefits from tax credits and incentives generated by our alternative energy investments, a reduction in the Company's state effective tax rate used to measure deferred taxes resulting from the GCI Liberty Split-Off in March 2018, and a reduction in the Company's state effective tax rate used to measure deferred taxes resulting from a state law change during the second quarter.

For the year ended December 31, 2017 the significant reconciling items were net tax benefits for the effect of the change in the U.S. federal corporate tax rate from 35% to 21% on deferred taxes, the tax-free consolidation of our equity method investment in HSN, and tax benefits derived from Qurate Retail's alternative energy tax credits and incentives, partially offset by net tax expense for an increase in the Company's valuation allowance and an increase in the Company's state effective tax rate used to measure deferred taxes.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

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,	
	2019	2018
	amounts in millions	
Deferred tax assets:		
Tax losses and credit carryforwards	$ 314	177
Foreign tax credit carryforwards	154	121
Accrued stock compensation	22	30
Operating lease liability	84	—
Other accrued liabilities	48	65
Other	186	110
Deferred tax assets	808	503
Valuation allowance	(205)	(154)
Net deferred tax assets	603	349
Deferred tax liabilities:		
Investments	122	55
Intangible assets	856	1,123
Fixed assets	106	—
Discount on exchangeable debentures	1,047	1,067
Other	153	29
Deferred tax liabilities	2,284	2,274
Net deferred tax liabilities	$ 1,681	1,925

The Company's valuation allowance increased $51 million in 2019, and all of which affected tax expense.

At December 31, 2019, the Company has a deferred tax asset of $314 million for net operating losses, credit carryforwards, and interest expense carryforwards. If not utilized to reduce income tax liabilities in future periods, $262 million of these loss carryforwards and tax credits will expire at various times between 2020 and 2039. The remaining $52 million of tax losses and carryforwards may be carried forward indefinitely. These losses and credit carryforwards are expected to be utilized prior to expiration, except for $126 million.

At December 31, 2019, the Company had a deferred tax asset of $154 million for foreign tax credit carryforwards. If not utilized to reduce income tax liabilities in future periods, these foreign tax credits carryforwards will expire at various times between 2022 and 2029. The Company estimates that $79 million of its foreign tax credit carryforward will expire without utilization.

A reconciliation of unrecognized tax benefits is as follows:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Balance at beginning of year	$ 70	71	72
Additions based on tax positions related to the current year	5	9	10
Additions for tax positions of prior years	14	2	4
Reductions for tax positions of prior years	(3)	—	—
Lapse of statute and settlements	(11)	(12)	(15)
Balance at end of year	$ 75	70	71

As of December 31, 2019, 2018 and 2017, the Company had recorded tax reserves of $75 million, $70 million and $71 million, respectively, related to unrecognized tax benefits for uncertain tax positions. If such tax benefits were to be recognized for financial statement purposes, $61 million, $56 million and $60 million for the years ended December 31, 2019, 2018 and 2017, respectively, would be reflected in the Company's tax expense and affect its effective tax rate. Qurate Retail's estimate of its unrecognized tax benefits related to uncertain tax positions requires a high degree of judgment. The Company has tax positions for which the amount of related unrecognized tax benefits could change during 2019. The amount of unrecognized tax benefits related to these issues could change as a result of potential settlements, lapsing of statute of limitations and revisions of estimates. It is reasonably possible that the amount of the Company's gross unrecognized tax benefits may increase within the next twelve months by up to $2 million.

As of December 31, 2019, the Company's tax years prior to 2016 are closed for federal income tax purposes, and the IRS has completed its examination of the Company's 2016 and 2017 tax years. The Company's 2018 and 2019 tax years are being examined currently as part of the IRS's Compliance Assurance Process ("CAP") program. Various states are currently examining the Company's prior years' state income tax returns. The Company is not under audit in any foreign tax jurisdictions.

The Company recorded $23 million of accrued interest and penalties related to uncertain tax positions as of December 31, 2019, $20 million as of December 31, 2018 and $17 million as of December 31, 2017.

(11) Stockholders' Equity

Preferred Stock

Qurate Retail's preferred stock is issuable, from time to time, with such designations, preferences and relative participating, optional or other rights, qualifications, limitations or restrictions thereof, as shall be stated and expressed in a resolution or resolutions providing for the issue of such preferred stock adopted by Qurate Retail's Board of Directors. As of December 31, 2019, no shares of preferred stock were issued.

Common Stock

Series A Qurate Retail common stock has one vote per share, and Series B Qurate Retail common stock hasten votes per share. Each share of the Series B common stock is exchangeable at the option of the holder for one share of Series A common stock of the same group. The Series A and Series B common stock participate on an equal basis with respect to dividends and distributions.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

At the Annual Meeting of Stockholders held on June 2, 2015, the Company's stockholders approved an amendment to the Restated Certificate of Incorporation that increased (i) the total number of shares of the Company's capital stock which the Company will have the authority to issue to 9,015 million shares, (ii) the number of shares of the Company's capital stock designated as "Common Stock" to 8,965 million shares and (iii) the number of shares of Common Stock designated as "Series A Liberty Ventures Common Stock," "Series B Liberty Ventures Common Stock" and "Series C Liberty Ventures Common Stock" to 400 million shares, 15 million shares and 400 million shares, respectively.

At the Annual Meeting of Stockholders held on May 23, 2018, the Company's stockholders approved an amendment to the Restated Certificate of Incorporation, which (i) eliminated the tracking stock capitalization structure of the Company and (ii) reclassified each outstanding share of Series A and Series B QVC Group common stock into one share of our Series A and Series B common stock, respectively. In addition, the amendment to the Restated Certificate of Incorporation changed (i) the total number of shares of the Company's capital stock which the Company will have the authority to issue to 8,200 million shares, (ii) the number of shares of the Company's capital stock designated as "Common Stock" to 8,150 million shares, (ii) the number of shares of Common Stock designated as "Series A Common Stock," "Series B Common Stock" and "Series C Common Stock" to 4,000 million shares, 150 million shares and 4,000 million shares, respectively, and (iii) the number of shares of the Company's capital stock designated as "Preferred Stock" to 50 million shares.

As of December 31, 2019, Qurate Retail reserved for issuance upon exercise of outstanding stock options approximately 23.2 million shares of Series A Qurate Retail common stock and approximately 1.8 million shares of Series B Qurate Retail common stock.

In addition to the Series A and Series B Qurate Retail common stock, there are 4 billion shares of Series C Qurate Retail common stock authorized for issuance, respectively. As of December 31, 2019, no shares of any Series C Qurate Retail common stock were issued or outstanding.

On December 29, 2017, in conjunction with the acquisition of HSN, Qurate Retail issued 53.6 million shares of Series A Qurate Retail common stock. See additional discussion about the acquisition in note 4.

As discussed in note 1, on March 9, 2018, Qurate Retail completed the GCI Liberty Split-Off. As part of the GCI Liberty Split-Off, all outstanding shares of Series A Liberty Ventures common stock were redeemed for one share of GCI Liberty Class A common stock and each outstanding share of Series B Liberty Ventures common stock was redeemed for one share of GCI Liberty Class B common stock.

Purchases of Common Stock

During the year ended December 31, 2017, the Company repurchased 34,765,751 shares of Series A Qurate Retail common stock for aggregate cash consideration of $766 million.

During the year ended December 31, 2018, the Company repurchased 43,080,787 shares of Series A Qurate Retail common stock for aggregate cash consideration of $988 million.

During the year ended December 31, 2019, the Company repurchased 24,329,610 shares of Series A Qurate Retail common stock for aggregate cash consideration of $392 million.

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.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

(12) Related Party Transactions with Officers and Directors

Chairman Compensation Arrangement

In December 2014, the Compensation Committee of Qurate Retail approved a compensation arrangement, including term options discussed in note 13, for its current Chairman. 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 Chairman 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 Chairman was terminated by Qurate Retail without cause or if he terminated his employment for "good reason," the arrangement provided 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 $11.75 million 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 Chairman terminated his employment without "good reason," he would have been entitled to his accrued base salary, his accrued but unpaid bonus and any amounts due under applicable law, a payment equal to $11.75 million pro rated based upon the elapsed number of days in the calendar year of termination, 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 Chairman's death or his disability, the arrangement provided that he would have been 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 $11.75 million 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.

Pursuant to the Chairman's compensation arrangement, he received aggregate target equity awards allocated between Qurate Retail and Liberty Media in the amounts of $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. In addition, Qurate Retail and Liberty Media's compensation committees could have granted additional equity awards each year up to a maximum of 50% of the target amount allocated to Qurate Retail for the relevant year.

See discussion in note 1 regarding the new compensation agreement with the Company's Chairman effective January 1, 2020.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

CEO Compensation Agreement

On September 27, 2015, the Compensation Committee of Qurate Retail approved a compensation arrangement for our current CEO. The arrangement provides for a five year employment term beginning December 16, 2015 and ending December 31, 2020, with an annual base salary of $1.25 million and an annual target cash bonus equal to 100% of the CEO's annual base salary. The arrangement also provides the CEO with the opportunity to earn annual performance-based equity incentive awards during the employment term. Beginning in 2016, the CEO received an annual $4.125 million grant of performance-based RSUs with respect to QRTEA. Also, on September 27, 2015, in connection with the approval of his compensation arrangement, the CEO received a one-time grant of 1,680,065 stock options to purchase shares of QRTEA with an exercise price of $26.00 per share. 50% of such options vested on December 31, 2019 and the remaining 50% will vest on December 31, 2020, with an expiration date of December 31, 2022.

In connection with the CEO's appointment to this position on March 9, 2018, the Compensation Committee of Qurate Retail approved a one-time grant of stock options and performance-based RSUs to the CEO on August 13, 2018. The options consist of 577,358 options to purchase shares of QRTEA with an exercise price of $22.18. 50% of such options vested on December 15, 2019 and the remaining 50% will vest on December 15, 2020, and have a seven year term. The RSUs consist of 182,983 performance-based RSUs with respect to QRTEA which vest on December 21, 2020 based on performance of the Company and the personal performance of the CEO, and at the sole discretion of the Compensation Committee.

(13) Stock-Based Compensation

Qurate Retail - Incentive Plans

Pursuant to the Qurate Retail, Inc. 2016 Omnibus Incentive Plan (the "2016 Plan"), as amended, the Company may grant stock options ("Awards") to be made in respect of a maximum of 39.9 million shares of Series A and Series B Qurate Retail common stock. Awards generally vest over 4-5 years and have a term of 7-10 years. Qurate Retail issues new shares upon exercise of equity awards.

In connection with the HSN acquisition in December 2017 (see note 4), outstanding awards to purchase shares of HSN common stock (an "HSN Award") were exchanged for awards to purchase shares of Series A Qurate Retail common stock (a "QRTEA Award"). The exercise prices and number of shares subject to the QRTEA Award were determined based on (1) the exercise prices and number of shares subject to the HSN Award and (2) the acquisition exchange ratio. The exchange of such awards was considered a modification under ASC 805 – *Business Combinations*. A portion of the fair value of the replacement QRTEA Awards was attributed to the consideration paid in the acquisition. The remaining portion of the fair value will be recognized in the consolidated financial statements over the remaining vesting period of each individual award.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

Qurate Retail – Grants

The following table presents the number and weighted average GDFV of options granted by Qurate Retail during the years ended December 31, 2019, 2018 and 2017:

	For the Years ended December 31,					
	2019		2018		2017	
	Options Granted (000's)	Weighted Average GDFV	Options Granted (000's)	Weighted Average GDFV	Options Granted (000's)	Weighted Average GDFV
Series A Qurate Retail common stock, QVC and HSN employees (1)	2,503	$ 4.07	3,783	$ 8.77	3,115	$ 7.86
Series A Qurate Retail common stock, Zulily employees (1)	328	$ 4.08	336	$ 8.65	483	$ 7.86
Series A Qurate Retail common stock, Qurate Retail employees and directors (2)	639	$ 3.97	72	$ 7.31	518	$ 7.81
Series A Qurate Retail common stock, Qurate Retail President and CEO (3)	NA	NA	577	$ 7.09	NA	NA
Series A Qurate Retail common stock, Qurate Retail Chairman of the Board (4)	2,134	$ 3.44	NA	NA	NA	NA
Series B Qurate Retail common stock, Qurate Retail Chairman of the Board (4)	26	$ 5.84	175	$ 8.84	154	$ 7.92
Series A Ventures Group common stock, Qurate Retail employees and directors (2)	NA	NA	NA	NA	188	$ 16.52
Series B Ventures Group common stock, Qurate Retail Chairman of the Board (4)	NA	NA	143	$ 16.55	269	$ 15.41

(1) Mainly vests semi-annually over four years.

(2) Mainly vests between three and five years for employees and in one year for directors.

(3) 50% vested on December 15, 2019, and 50% vests on December 15, 2020.

(4) The grant made in March 2019 vested immediately, and the grant made in December 2019 in connection with the Chairman's new employment agreement cliff vests in December 2023. Grants in 2018 and 2017 cliff vested at the end of their respective grant year. Grants were made in connection with his new and previous employment agreement (see notes 1 and 12).

In addition to the stock option grants to the Qurate Retail Chairman of the Board, and in connection with his employment agreement, Qurate Retail granted time-based and performance-based restricted stock units ("RSUs"). During the year ended December 31, 2019, Qurate Retail granted 19 thousand time-based RSUs of Series B Qurate Retail common stock. Such RSUs had a GDFV of $17.90 per share at the time they were granted and cliff vested on March 11, 2019. During the years ended December 31, 2019, 2018 and 2017, Qurate Retail granted 194 thousand, 124 thousand and 115 thousand performance-based RSUs, respectively, of Series B Qurate Retail common stock. Such RSUs had a fair value of $17.90, $27.56 and $19.90 per share, respectively, at the time they were granted. Also during the year ended December 31, 2019, Qurate Retail granted approximately 191 thousand performance-based RSUs of Series A Qurate Retail common stock to its President and CEO. The Series A RSUs had a GDFV of $17.90 per share at the time they were granted. The 2019, 2018 and 2017 performance-based RSUs cliff vest one year from the month of grant, subject to the satisfaction of certain performance objectives and based on an amount determined by the compensation committee. Performance objectives, which are subjective, are considered in determining the timing and amount of the compensation expense recognized. As the satisfaction of the performance objectives becomes probable, the Company records compensation expense. The value of the grant is remeasured at each reporting period. This grant includes the first upfront option grant related to the Chairman's new employment agreement. See discussion in note 1 regarding the new compensation agreement with the Company's Chairman.

In connection with the Option Exchange in 2017 (see below), Qurate Retail granted5.9 million, 946 thousand and 1.1 million options to purchase shares of Series A Qurate Retail common stock, Series A Liberty Ventures common stock and Series B Liberty Ventures common stock, respectively. Such options had an incremental weighted average GDFV of $3.49, $8.53 and $6.94, respectively.

During the fourth quarter of 2017, the Company entered into a series of transactions with certain officers of Qurate Retail, associated with certain outstanding stock options, in order to recognize tax deductions in 2017 versus future years (the “Option Exchange”). On December 26, 2017 (the “Grant Date”), pursuant to the approval of the Compensation Committee of its Board of Directors, the Company effected the acceleration of (i) each unvested in-the-money option to acquire shares of LVNTA and (ii) each unvested in-the-money option to acquire shares of LVNTB, in each case, held by certain of its officers (collectively, the “Eligible Optionholders”). Following this acceleration, also on the Grant Date, each Eligible Optionholder exercised, on a net settled basis, all of his outstanding in-the-money vested and unvested options to acquire QRTEA shares, LVNTA shares and LVNTB shares (the “Eligible Options”), and:

- with respect to each vested Eligible Option, the Company granted the Eligible Optionholder a vested new option with substantially the same terms and conditions as the exercised vested Eligible Option, except that the exercise price for the new option was, in the case of options to acquire shares of QRTEA or LVNTA, the closing price on the Grant Date per QRTEA or LVNTA share, as applicable, and, in the case of options to acquire shares of LVNTB, the fair market value on the Grant Date of the LVNTB shares as determined pursuant to the incentive plan under which the awards were granted; and
- with respect to each unvested Eligible Option:
  - in satisfaction of the exercise, on a net settled basis, of the unvested Eligible Options, the Company granted the Eligible Optionholder a number of restricted LVNTA or LVNTB shares (the “Restricted Shares”) with a vesting schedule identical to that of the unvested Eligible Options so exercised, and the Eligible Optionholder made an election under Section 83(b) of the Internal Revenue Code with respect to such Restricted Shares; and
  - the Company granted the Eligible Optionholder a new option (the “Unvested New Option”) to acquire the same series of common stock and with substantially the same terms and conditions, including with respect to vesting and expiration, as the unvested Eligible Option exercised as set forth above, except that the number of LVNTA or LVNTB shares subject to such Unvested New Option was equal to the number of shares subject to the unvested Eligible Option minus the number of Restricted Shares received upon exercise of such unvested Eligible Option. The exercise price of such new option was, in the case of a LVNTA option, the closing price on the Grant Date per share of LVNTA, or, in the case of a LVNTB option, the fair market value on the Grant Date of the LVNTB shares as determined pursuant to the incentive plan under which the Unvested New Options were granted.

The Option Exchange was considered a modification under ASC 718 – Stock Compensation, with the following impacts on compensation expense. The unamortized value of the unvested Eligible Options that were exercised, which was $14 million for LVNTA and LVNTB combined, will be expensed over the vesting period of the Restricted Shares attributable to the exercise of those options; of this amount, $6 million of expense was assumed by GCI Liberty as a result of the GCI Liberty Split-Off. The grant of new vested options resulted in incremental compensation expense in the fourth quarter of 2017 of $30 million for QRTEA, LVNTA and LVNTB combined. The grant of Unvested New Options resulted in incremental compensation expense totaling $6 million for LVNTA and LVNTB combined, which will be amortized over the vesting periods of those options; of this amount, $5.8 million of incremental compensation expense was assumed by GCI Liberty as a result of the GCI Liberty Split-Off.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

The Company has calculated the GDFV for all of its equity classified awards using the Black-Scholes-Merton Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. For grants made in 2019, 2018 and 2017, the range of expected terms was 2.0 to 6.4. The volatility used in the calculation for Awards is based on the historical volatility of the Company's stocks and the implied volatility of publicly traded Qurate Retail options. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

The following table presents the range of volatilities used by Qurate Retail in the Black-Scholes-Merton Model for the 2019, 2018 and 2017 Qurate Retail and Liberty Ventures grants.

	Volatility				
2019 grants					
Qurate Retail options	30.1	%	-	44.8	%
2018 grants					
Qurate Retail options	29.7	%	-	30.5	%
Liberty Ventures options	27.9	%	-	27.9	%
2017 grants					
Qurate Retail options	26.9	%	-	32.7	%
Liberty Ventures options	25.9	%	-	28.9	%

Qurate Retail - Outstanding Awards

The following table presents the number and weighted average exercise price ("WAEP") of Awards to purchase Qurate Retail common stock granted to certain officers, employees and directors of the Company, as well as the weighted average remaining life and aggregate intrinsic value of the Awards.

	Qurate Retail							
	Series A				Series B			
	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (in millions)	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2019	28,438	$ 24.47			1,818	$ 27.22		
Granted	5,604	$ 10.49			26	$ 18.03		
Exercised	(449)	$ 15.43			—	$ —		
Forfeited/Cancelled	(10,345)	$ 24.46			—	$ —		
Outstanding at December 31, 2019	23,248	$ 21.28	4.1 years	$ 4	1,844	$ 27.09	3.1 years	$ —
Exercisable at December 31, 2019	13,200	$ 23.74	3.1 years	$ 4	1,844	$ 27.09	3.1 years	$ —

As of December 31, 2019, the total unrecognized compensation cost related to unvested Qurate Retail Awards was approximately $46 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 1.7 years.

As of December 31, 2019, Qurate Retail reserved25.1 million shares of Series A and Series B common stock for issuance under exercise privileges of outstanding stock Awards.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

Qurate Retail - Exercises

The aggregate intrinsic value of all options exercised during the years ended December 31, 2019, 2018 and 2017 was $2 million, $28 million and $145 million, respectively. The aggregate intrinsic value of options exercised for the year ended December 31, 2017 includes approximately $104 million related to the intrinsic value of options exercised as a result of the Option Exchange.

Qurate Retail - Restricted Stock

The Company had approximately 5.4 million unvested restricted shares of Qurate Retail common stock, held by certain directors, officers and employees of the Company as of December 31, 2019. These Series A and Series B unvested restricted shares of Qurate Retail had a weighted average GDFV of $18.58 per share.

The aggregate fair value of all restricted shares of Qurate Retail common stock that vested during the years ended December 31, 2019, 2018 and 2017 was $25 million, $64 million and $23 million, respectively.

(14) Employee Benefit Plans

Subsidiaries of Qurate Retail sponsor 401(k) plans, which provide their employees an opportunity to make contributions to a trust for investment in Qurate Retail common stock, as well as other mutual funds. The Company's subsidiaries make matching contributions to their plans based on a percentage of the amount contributed by employees. Employer cash contributions to all plans aggregated $25 million, $26 million and $20 million, respectively, for the years ended December 31, 2019, 2018 and 2017, respectively.

(15) Other Comprehensive Earnings (Loss)

Accumulated other comprehensive earnings (loss) included in the Company's consolidated balance sheets and consolidated statements of equity reflect the aggregate of foreign currency translation adjustments, comprehensive earnings (loss) attributable to debt credit risk adjustments and the Company's share of accumulated other comprehensive earnings of affiliates.

Table of Contents

The change in the components of accumulated other comprehensive earnings (loss), net of taxes ("AOCI"), is summarized as follows:

	Foreign currency translation adjustments	Share of AOCI of equity affiliates	Comprehensive Earnings (loss) Attributable to Debt Credit Risk Adjustments	Other	AOCI
	amounts in millions				
Balance at January 1, 2017	$ (260)	(6)	—	—	(266)
Other comprehensive earnings (loss) attributable to Qurate Retail, Inc. stockholders	130	3	—	—	133
Balance at December 31, 2017	(130)	(3)	—	—	(133)
Other comprehensive earnings (loss) attributable to Qurate Retail, Inc. stockholders	(50)	(2)	38	16	2
Cumulative effect of accounting change	—	—	—	76	76
Balance at December 31, 2018	$ (180)	(5)	38	92	(55)
Other comprehensive earnings (loss) attributable to Qurate Retail, Inc. stockholders	(1)	—	2	(1)	—
Balance at December 31, 2019	$ (181)	(5)	40	91	(55)

The components of other comprehensive earnings (loss) are reflected in Qurate Retail's consolidated statements of comprehensive earnings (loss) net of taxes. The following table summarizes the tax effects related to each component of other comprehensive earnings (loss).

	Before-tax amount	Tax (expense) benefit	Net-of-tax amount
	amounts in millions		
Year ended December 31, 2019:			
Foreign currency translation adjustments	$ —	1	1
Recognition of previously unrealized losses (gains) on debt, net	(1)	—	(1)
Comprehensive earnings (loss) attributable to debt credit risk adjustments	1	—	1
Other comprehensive earnings (loss)	$ —	1	1
Year ended December 31, 2018:			
Foreign currency translation adjustments	$ (49)	1	(48)
Recognition of previously unrealized losses (gains) on debt, net	21	(5)	16
Share of other comprehensive earnings (loss) of equity affiliates	(3)	1	(2)
Comprehensive earnings (loss) attributable to debt credit risk adjustments	50	(12)	38
Other comprehensive earnings (loss)	$ 19	(15)	4
Year ended December 31, 2017:			
Foreign currency translation adjustments	$ 155	(21)	134
Share of other comprehensive earnings (loss) of equity affiliates	5	(2)	3
Other comprehensive earnings (loss)	$ 160	(23)	137

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

(16) Commitments and Contingencies

Litigation

Qurate Retail has contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible Qurate Retail may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying consolidated financial statements.

(17) Information About Qurate Retail's Operating Segments

Qurate Retail, through its ownership interests in subsidiaries and other companies, is primarily engaged in the video and on-line commerce industries. Qurate Retail identifies its reportable segments as (A) those consolidated subsidiaries that represent 10% or more of its consolidated annual revenue, annual Adjusted OIBDA or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of Qurate Retail's annual pre-tax earnings. The segment presentation for prior periods has been conformed to the current period segment presentation.

Qurate Retail evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as revenue, Adjusted OIBDA, gross margin, average sales price per unit, number of units shipped and revenue or sales per customer equivalent. In addition, Qurate Retail reviews nonfinancial measures such as unique website visitors, conversion rates and active customers, as appropriate.

For segment reporting purposes, Qurate Retail defines Adjusted OIBDA as revenue less cost of sales, operating expenses, and selling, general and administrative expenses (excluding all stock-based compensation and transaction related costs). Qurate Retail believes this measure is an important indicator of the operational strength and performance of its businesses by identifying those items that are not directly a reflection of each business' performance or indicative of ongoing business trends. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes depreciation and amortization, stock-based compensation, certain purchase accounting adjustments, separately reported litigation settlements, transaction related costs (including restructuring, integration, and advisory fees), and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. Qurate Retail generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current prices.

During the first quarter of 2019 the Company changed its reportable segments to combine HSN and QVC U.S. into one reportable segment called "QxH," and presented prior period information to conform with this change. As a result of the QRG Initiatives and additional integration activities to drive synergies between HSN and QVC U.S., the chief operating decision maker began reviewing HSN and QVC U.S. information as one business unit during the first quarter of 2019.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

For the year ended December 31, 2019, Qurate Retail has identified the following consolidated subsidiaries as its reportable segments:

- QxH– QVC U.S. and HSN market and sell a wide variety of consumer products in the United States, primarily by means of their televised shopping programs and via the Internet through their websites and mobile applications.
- QVC International – QVC International markets and sells a wide variety of consumer products in several foreign countries, primarily by means of its televised shopping programs and via the Internet through its international websites and mobile applications.
- Zulily – Zulily markets and sells a wide variety of consumer products in the United States and several foreign countries through flash sales events, primarily through its app, mobile and desktop experiences.

Qurate Retail's operating segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technologies, distribution channels and marketing strategies. The accounting policies of the segments that are also consolidated subsidiaries are the same as those described in the Company's summary of significant accounting policies.

Performance Measures

	Years ended December 31,					
	2019		2018		2017	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions					
QxH	$ 8,277	1,536	8,544	1,630	6,140	1,455
QVC International	2,709	446	2,738	429	2,631	451
Zulily	1,571	48	1,817	108	1,613	91
Corporate and other	901	(1)	973	(13)	23	(47)
Inter-segment eliminations	—	—	(2)	—	(3)	—
Consolidated Qurate Retail	$ 13,458	2,029	14,070	2,154	10,404	1,950

Other Information

	December 31, 2019			December 31, 2018		
	Total assets	Investments in affiliates	Capital expenditures	Total assets	Investments in affiliates	Capital expenditures
	amounts in millions					
QxH	$ 12,774	40	257	12,817	38	161
QVC International	2,268	—	34	2,154	—	67
Zulily	1,136	—	23	2,199	—	24
Corporate and other	1,127	86	11	671	97	23
Consolidated Qurate Retail	$ 17,305	126	325	17,841	135	275

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

The following table provides a reconciliation of consolidated segment Adjusted OIBDA to operating income and earnings (loss) from continuing operations before income taxes:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Consolidated segment Adjusted OIBDA	$ 2,029	2,154	1,950
Stock-based compensation	(71)	(88)	(123)
Depreciation and amortization	(606)	(637)	(725)
Transaction related costs	(1)	(72)	(59)
Impairment of intangible assets and long lived assets	(1,167)	(33)	—
Operating income	184	1,324	1,043
Interest expense	(374)	(381)	(355)
Share of earnings (loss) of affiliates, net	(160)	(162)	(200)
Realized and unrealized gains (losses) on financial instruments, net	(251)	76	145
Gains (losses) on transactions, net	(1)	1	410
Tax sharing income (expense) with GCI Liberty, Inc.	(26)	32	—
Other, net	6	(7)	7
Earnings (loss) from continuing operations before income taxes	$ (622)	883	1,050

Revenue by Geographic Area

Revenue by geographic area based on the location of customers is as follows:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
United States	$ 10,666	11,233	7,684
Japan	1,028	947	934
Germany	890	943	899
Other foreign countries	874	947	887
	$ 13,458	14,070	10,404

Long-lived Assets by Geographic Area

	December 31,	
	2019	2018
	amounts in millions	
United States	$ 935	869
Japan	153	165
Germany	154	161
Other foreign countries	109	127
	$ 1,351	1,322

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

(18) Quarterly Financial Information (Unaudited)

As discussed in note 5, on March 9, 2018, Qurate Retail completed the GCI Liberty Split-Off. The unaudited quarterly information below for 2018 reflects Qurate Retail's interest in Liberty Broadband as a discontinued operation for all periods presented.

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	amounts in millions, except per share amounts			
2019:				
Revenue	$ 3,085	3,111	3,089	4,173
Operating income	$ 288	336	(727)	287
Net earnings (loss)	$ 66	130	(755)	154
Net earnings (loss) attributable to Qurate Retail, Inc. stockholders:				
Series A and Series B Qurate Retail common stock	$ 55	118	(770)	141
Series A and Series B Liberty Ventures common stock	$ NA	NA	NA	NA
Basic net earnings (loss) from continuing operations attributable to Qurate Retail, Inc. stockholders per common share:				
Series A and Series B Qurate Retail common stock	$ 0.13	0.28	(1.85)	0.34
Series A and Series B Liberty Ventures common stock	$ NA	NA	NA	NA
Diluted net earnings (loss) from continuing operations attributable to Qurate Retail, Inc. stockholders per common share:				
Series A and Series B Qurate Retail common stock	$ 0.13	0.28	(1.85)	0.34
Series A and Series B Liberty Ventures common stock	$ NA	NA	NA	NA
Basic net earnings (loss) attributable to Qurate Retail, Inc. stockholders per common share:				
Series A and Series B Qurate Retail common stock	$ 0.13	0.28	(1.85)	0.34
Series A and Series B Liberty Ventures common stock	$ NA	NA	NA	NA
Diluted net earnings (loss) attributable to Qurate Retail, Inc. stockholders per common share:				
Series A and Series B Qurate Retail common stock	$ 0.13	0.28	(1.85)	0.34
Series A and Series B Liberty Ventures common stock	$ NA	NA	NA	NA

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	amounts in millions, except per share amounts			
2018:				
Revenue	$ 3,230	3,233	3,231	4,376
Operating income	$ 294	358	237	435
Net earnings (loss)	$ 397	198	82	287
Net earnings (loss) attributable to Qurate Retail, Inc. stockholders:				
Series A and Series B Qurate Retail common stock	$ 142	187	72	273
Series A and Series B Liberty Ventures common stock	$ 242	NA	NA	NA
Basic net earnings (loss) from continuing operations attributable to Qurate Retail, Inc. stockholders per common share:				
Series A and Series B Qurate Retail common stock	$ 0.30	0.40	0.16	0.61
Series A and Series B Liberty Ventures common stock	$ 1.17	NA	NA	NA
Diluted net earnings (loss) from continuing operations attributable to Qurate Retail, Inc. stockholders per common share:				
Series A and Series B Qurate Retail common stock	$ 0.30	0.40	0.16	0.61
Series A and Series B Liberty Ventures common stock	$ 1.16	NA	NA	NA
Basic net earnings (loss) attributable to Qurate Retail, Inc. stockholders per common share:				
Series A and Series B Qurate Retail common stock	$ 0.30	0.40	0.16	0.61
Series A and Series B Liberty Ventures common stock	$ 2.81	NA	NA	NA
Diluted net earnings (loss) attributable to Qurate Retail, Inc. stockholders per common share:				
Series A and Series B Qurate Retail common stock	$ 0.30	0.40	0.16	0.61
Series A and Series B Liberty Ventures common stock	$ 2.78	NA	NA	NA

PART III

The following required information is incorporated by reference to our definitive proxy statement for our 2020 Annual Meeting of Stockholders presently scheduled to be held in the second quarter of 2020:

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

We expect to file our definitive proxy statement for our 2020 Annual Meeting of Stockholders with the Securities and Exchange Commission on or before April 29, 2020.

PART IV.

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) *Financial Statements*

Included in Part II of this report:

(a)(2) *Financial Statement Schedules*

(i) All schedules have been omitted because they are not applicable, not material or the required information is set forth in the financial statements or notes thereto.

(a)(3) *Exhibits*

Listed below are the exhibits which are filed as a part of this Report (according to the number assigned to them in Item 601 of Regulation S-K):

2 - Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession:

2.1 Agreement and Plan of Reorganization, dated as of April 4, 2017, by and among Liberty Interactive Corporation, General Communication, Inc. and Liberty Interactive LLC (incorporated by reference to Annex A to the Registrant's Definitive Proxy Statement on Schedule 14A filed on December 29, 2017 (File No. 001-33982)).

2.2 Agreement and Plan of Merger, dated as of July 5, 2017, by and among Liberty Interactive Corporation, Liberty Horizon, Inc. and HSN, Inc. (included as Annex A to the proxy statement/prospectus forming a part of the Registrant's Registration Statement on Form S-4 filed on August 31, 2017 (File No. 333-220270)).

2.3 Amendment No. 1 to Agreement and Plan of Reorganization, dated as of July 19, 2017, by and among Liberty Interactive Corporation, Liberty Interactive LLC and General Communication, Inc. (incorporated by reference to Annex B to the Registrant's Definitive Proxy Statement on Schedule 14A filed on December 29, 2017 (File No. 001-33982)).

2.4 Amendment No. 2 to Agreement and Plan of Reorganization, dated as of November 8, 2017, by and among Liberty Interactive Corporation, Liberty Interactive LLC and General Communication, Inc. (incorporated by reference to Annex C to the Registrant's Definitive Proxy Statement on Schedule 14A filed on December 29, 2017 (File No. 001-33982)).

3 - Articles of Incorporation and Bylaws:

3.1 Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to Amendment No. 5 to the Registrant's Registration Statement on Form 8-A filed on May 24, 2018 (File No. 001-33982) (the "2018 Form 8-A")).

3.2 Amended and Restated Bylaws of the Registrant, as amended effective April 9, 2018 (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on April 10, 2018 (File No. 001-33982)).

4 - Instruments Defining the Rights of Securities Holders, including Indentures:

4.1 Form of Specimen certificate for shares of the Registrant's Series A common stock, par value $.01 per share (incorporated by reference to Exhibit 4.1 to the 2018 Form 8-A).

4.2 Form of Specimen certificate for shares of the Registrant's Series B common stock, par value $.01 per share (incorporated by reference to Exhibit 4.2 to the 2018 Form 8-A).

4.3 Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.*

4.4 The Registrant undertakes to furnish to the Securities and Exchange Commission, upon request, a copy of all instruments with respect to long-term debt not filed 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, 2013) (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 filed on November 5, 2013 (File No. 001-33982) (the "Liberty 2013 10-Q")). +

10.3 Liberty Interactive Corporation 2007 Incentive Plan (As Amended and Restated Effective November 7, 2011) (the "2007 Incentive Plan") (incorporated by reference to Exhibit 10.6 to the Liberty 2011 10-Q). +

10.4 Amendment to the 2007 Incentive Plan (effective as of August 5, 2013) (incorporated by reference to Exhibit 10.4 to the Liberty 2013 10-Q). +

10.5 Liberty Interactive Corporation 2010 Incentive Plan (As Amended and Restated Effective November 7, 2011) (the "2010 Incentive Plan") (incorporated by reference to Exhibit 10.7 to the Liberty 2011 10-Q). +

10.6	Amendment to the 2010 Incentive Plan (effective August 5, 2013) (incorporated by reference to Exhibit 10.5 to the Liberty 2013 10-Q). +
10.7	Liberty Interactive Corporation 2002 Nonemployee Director Incentive Plan (As Amended and Restated Effective November 7, 2011) (the "2002 Directors Plan") (incorporated by reference to Exhibit 10.8 to the Liberty 2011 10-Q). +
10.8	Amendment to the 2002 Directors Plan (effective as of August 5, 2013) (incorporated by reference to Exhibit 10.1 to the Liberty 2013 10-Q). +
10.9	Liberty Interactive Corporation 2011 Nonemployee Director Incentive Plan (amended and restated as of December 17, 2015) (the "2011 Directors Plan") (incorporated by reference to Exhibit 10.9 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 filed on February 26, 2016 (File No. 001-33982) (the "Liberty 2015 10-K")). +
10.10	Liberty Interactive Corporation 2012 Incentive Plan (Amended and Restated as of March 31, 2015) (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended on March 31, 2015 filed on May 8, 2015 (File No. 001-33982)). +
10.11	Liberty Interactive Corporation 2016 Omnibus Incentive Plan (incorporated by reference to Annex A to the Registrant's Proxy Statement on Schedule 14A filed on July 8, 2016 (File No. 001-33982)). +
10.12	Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013 filed on February 28, 2014 (File No. 001-33982) (the "Liberty 2013 10-K")). +
10.13	Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.14 to the Liberty 2013 10-K).+
10.14	Form of Non-Qualified Stock Option Agreement under the 2000 Incentive Plan, the 2007 Incentive Plan and the 2010 Incentive Plan [for certain designated award recipients] (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2011 filed on February 23, 2012 (File No. 001-33982) (the "Liberty 2011 10-K")). +
10.15	Form of Restricted Stock Award Agreement under the 2000 Incentive Plan, the 2007 Incentive Plan and the 2010 Incentive Plan [for certain designated award recipients] (incorporated by reference to Exhibit 10.19 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009 filed on February 25, 2010 (File No. 001-33982) (the "Liberty 2009 10-K)). +
10.16	Form of Non-Qualified Stock Option Agreement under the 2002 Directors Plan and the 2011 Directors Plan (incorporated by reference to Exhibit 10.19 to the Liberty 2011 10-K). +
10.17	Form of Restricted Stock Award Agreement under the 2002 Directors Plan and the 2011 Directors Plan (incorporated by reference to Exhibit 10.20 to the Liberty 2011 10-K). +
10.18	Non-Qualified Stock Option Agreement under the 2007 Incentive Plan for Michael George dated March 2, 2011 (incorporated by reference to Exhibit 10.22 to the Liberty 2011 10-K). +

10.19	Amended and Restated Non-Qualified Stock Option Agreement under the 2000 Incentive Plan for Gregory B. Maffei (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ending June 30, 2012 filed on August 8, 2012 (File No. 001-33982) (the "Liberty 2012 10-Q")). +
10.20	Amended and Restated Non-Qualified Stock Option Agreement under the 2007 Incentive Plan for Gregory B. Maffei (incorporated by reference to Exhibit 10.2 to the Liberty 2012 10-Q). +
10.21	Employment Agreement between Michael George and QVC, Inc., effective December 16, 2015 (incorporated by reference to Exhibit 10.23 to the Liberty 2015 10-K). +
10.22	Employment Agreement between Gregory B. Maffei and Liberty Interactive Corporation dated December 29, 2014 (incorporated by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014 filed on February 27, 2015 (File No. 001-33982)). +
10.23	First Amendment to Liberty Interactive Corporation Executive Employment Agreement, dated effective as of March 9, 2018, by and between Liberty Interactive Corporation and Gregory B. Maffei (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 filed on May 10, 2018 (File No. 001-33982) (the "Liberty 2018 Q1 10-Q")). +
10.24	Non-Qualified Stock Option Agreement under the Liberty Interactive Corporation 2010 Incentive Plan for Gregory B. Maffei, effective December 24, 2014 (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015 filed on August 5, 2015 (File No. 001-33982)). +
10.25	Letter Agreement regarding personal use of the Liberty aircraft, dated as of February 5, 2013, between Gregory B. Maffei and Liberty Media Corporation (incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 28, 2013 (File No. 001-33982)). +
10.26	Letter Agreement regarding personal use of Liberty Media's aircraft, dated as of November 11, 2015, between Gregory B. Maffei and Liberty Media Corporation (incorporated by reference to Exhibit 10.27 to the Liberty 2015 10-K). +
10.27	Call Agreement, dated as of February 9, 1998 (the "Call Agreement"), between Liberty Interactive Corporation (as successor of Liberty Interactive LLC (f/k/a Liberty Media LLC, "Old Liberty"), as assignee of Tele-Communications, Inc.) and the Malone Group (incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 27, 2009 (File No. 001-33982)).
10.28	Letter, dated as of March 5, 1999, from Tele-Communications, Inc. and Old Liberty addressed to Mr. Malone and Leslie Malone relating to the Call Agreement (incorporated by reference to Exhibit 10.27 to the Liberty 2009 10-K).
10.29	Form of Indemnification Agreement between the Registrant and its executive officers/directors (incorporated by reference to Exhibit 10.29 to the Liberty 2011 10-K).
10.30	Tax Sharing Agreement, dated September 23, 2011, between Liberty Interactive Corporation, Liberty Interactive LLC and Liberty Media Corporation (as assignee of Starz (f/k/a Liberty Media Corporation)) (incorporated by reference to Exhibit 10.4 to Post-Effective Amendment No. 1 to Starz's Registration Statement on Form S-4 filed on September 23, 2011 (File No. 333-171201) (the "Starz S-4")).

10.31	Services Agreement, dated as of September 23, 2011, by and between Liberty Interactive Corporation and Liberty Media Corporation (as assignee of Starz (f/k/a Liberty Media Corporation)) (the "Services Agreement") (incorporated by reference to Exhibit 10.5 to the Starz S-4).+
10.32	Indenture dated as of July 2, 2012 among QVC, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to QVC Inc.'s Registration Statement on Form S-4 filed on October 19, 2012 (File No. 333-184501)).
10.33	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, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 filed on May 9, 2013 (File No. 333-184501)).
10.34	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)).
10.35	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)).
10.36	Fourth Amended and Restated Credit Agreement, dated as of December 31, 2018, among QVC, Inc. and zulily, llc, as Borrowers, JPMorgan Chase Bank, N.A., as Lead Arranger, Lead Bookrunner and Administrative Agent and the parties named therein as Lenders, Co-Bookrunners, Co-Syndication Agents and Co-Documentation Agents (incorporated by reference to Exhibit 4.1 to QVC's Current Report on Form 8-K as filed on January 4, 2019 (File No. 001-38654)).
10.37	Liberty Interactive Corporation Nonemployee Director Deferred Compensation Plan (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended on March 31, 2015 filed on May 8, 2015 (File No. 001-33982)).+
10.38	zulily, inc. 2009 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to zulily, inc.'s Registration Statement on Form S-1 filed on October 8, 2013 (File No. 333-191617)). +
10.39	zulily, inc. 2013 Equity Plan (incorporated by reference to Exhibit 10.3 to Amendment No. 1 to zulily, inc.'s Registration Statement on Form S-1 filed on October 17, 2013 (File No. 333-191617)). +
10.40	Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.48 to the Liberty 2015 10-K).+
10.41	Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.49 to the Liberty 2015 10-K).+
10.42	Form of 2017 Performance-based Restricted Stock Unit Agreement (QVCB) under the Liberty Interactive Corporation 2016 Omnibus Incentive Plan (the "2016 Incentive Plan") for Gregory B. Maffei (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 filed on November 9, 2017 (File No. 001-33982) (the "2017 Q3 10-Q")). +
10.43	Form of 2017 Term Option Agreement under the 2016 Incentive Plan for Gregory B. Maffei (incorporated by reference to Exhibit 10.2 to the 2017 Q3 10-Q). +

10.44	Form of 2017 Performance-based Restricted Stock Unit Agreement under the 2016 Incentive Plan for certain officers other than the Chief Executive Officer and Chief Legal Officer (incorporated by reference to Exhibit 10.3 to the 2017 Q3 10-Q). +
10.45	Form of Restricted Stock Units Agreement under the 2016 Incentive Plan for Nonemployee Directors (incorporated by reference to Exhibit 10.4 to the 2017 Q3 10-Q). +
10.46	Form of Nonqualified Stock Option Agreement under the 2016 Incentive Plan for Nonemployee Directors (incorporated by reference to Exhibit 10.5 to the 2017 Q3 10-Q). +
10.47	HSN, Inc. Second Amended and Restated 2008 Stock and Annual Incentive Plan (incorporated by reference to Exhibit 10.13 to HSN, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2013 as filed on February 20, 2014 (File No. 01-34061)). +
10.48	HSN, Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Annex A of HSN, Inc.'s 2017 Proxy Statement on Schedule 14A as filed on April 10, 2017 (File No. 01-34061)). +
10.49	Form of Election Form with respect to December 2017 Option Exchange Proposal for participants (incorporated by reference to Exhibit 10.57 the Registrant's Annual Report on Form 10-K for the year ended December 31, 2017 filed on March 1, 2018 (File No. 001-33982)). +
10.50	Letter Agreement between Liberty Interactive Corporation and Liberty Media Corporation relating to the Services Agreement (incorporated by reference to Exhibit 10.60 to Liberty Media Corporation's Annual Report on Form 10-K for the year ended December 31, 2017 as filed on February 28, 2018 (File No. 001-35707)).+
10.51	Amendment, dated March 13, 2018, of certain Liberty Interactive Corporation incentive plans (incorporated by reference to Exhibit 10.4 to the Liberty 2018 Q1 10-Q).+
10.52	Tax Sharing Agreement, dated as of March 9, 2018, by and between Liberty Interactive Corporation and GCI Liberty, Inc. (incorporated by reference to Exhibit 10.1 to GCI Liberty, Inc's Current Report on Form 8-K filed on March 14, 2018 (File No. 001-38385) (the "GCI March 8-K")).
10.53	Indemnification Agreement, dated as of March 9, 2018, by and among Liberty Interactive Corporation, GCI Liberty, Inc., Liberty Interactive LC and LV Bridge, LLC (incorporated by reference to Exhibit 10.2 to the GCI March 8-K).
10.54	Performance-Based Restricted Stock Unit Award Agreement under the Qurate Retail, Inc. 2016 Omnibus Incentive Plan for Michael George (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 filed on November 9, 2018 (File No. 001-33982) (the "Liberty 2018 Q3 10-Q")).+
10.55	Nonqualified Stock Option Agreement under the Qurate Retail, Inc. 2016 Omnibus Incentive Plan for Michael George (incorporated by reference to Exhibit 10.2 to the Liberty 2018 Q3 10-Q).+
10.56	Indenture, dated September 13, 2018, by and among QVC, Inc., Affiliate Investment, Inc., Affiliate Relations Holdings, Inc., AMI 2, Inc., ER Marks, Inc., QVC Global Holdings I, Inc., QVC Global Holdings II, Inc., QVC Rocky Mount, Inc., QVC San Antonio, LLC and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to QVC, Inc.'s Form 8-A filed on September 13, 2018 (File No. 001-38654) (the "2018 QVC Form 8-A")).
10.57	First Supplemental Indenture, dated September 13, 2018, by and among QVC, Inc., Affiliate Investment, Inc., Affiliate Relations Holdings, Inc., AMI 2, Inc., ER Marks, Inc., QVC Global Holdings I, Inc., QVC Global Holdings II, Inc., QVC Rocky Mount, Inc., QVC San Antonio, LLC and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the 2018 QVC Form 8-A).

10.58	Form of QVC, Inc. 6.375% Senior Secured Notes due 2067 (incorporated by reference to Exhibit 4.3 to the 2018 QVC Form 8-A).
10.59	Second Supplemental Indenture, dated November 26, 2019, by and among QVC, Inc., Affiliate Investment, Inc., Affiliate Relations Holdings, Inc., AMI 2, Inc., ER Marks, Inc., QVC Global Holdings I, Inc., QVC Global Holdings II, Inc., QVC Rocky Mount, Inc., QVC San Antonio, LLC, QVC Deutschland GP, Inc., HSN, Inc., HSNi, LLC, HSN Holding LLC, AST Sub, Inc., Home Shopping Network En Espanol, L.L.C., Home Shopping Network En Espanol, L.P., H.O.T. Networks Holdings (Delaware) LLC, HSN of Nevada LLC, Ingenious Designs LLC, NLG Merger Corp., Ventana Television, Inc., and Ventana Television Holdings, Inc., as guarantors, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the QVC, Inc.'s Form 8-A filed on November 26, 2019 (File No. 001-38654) (the "2019 QVC Form 8-A")).
10.60	Form of 6.250% Senior Secured Notes due 2068 (incorporated by reference to Exhibit 4.3 to the 2019 QVC Form 8-A).
10.61	Form of Amended and Restated Indemnification Agreement between the Registrant and its executive officers/directors (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 filed on May 10, 2019 (File No. 001-33982)).
10.62	Form of First Amendment to Services Agreement, effective as of December 13, 2019, between Liberty Media Corporation and Qurate Retail, Inc., Liberty Broadband Corporation, GCI Liberty, Inc. and Liberty TripAdvisor Holdings, Inc.*+
10.63	Executive Employment Agreement, dated effective as of December 13, 2019, between Liberty Media Corporation and Gregory B. Maffei (incorporated by reference to Exhibit 10.1 to Liberty Media Corporation's Current Report on Form 8-K filed on December 19, 2019 (File No. 001-35707)). +
10.64	Form of Annual Option Award Agreement between the Registrant and Gregory B. Maffei under the Qurate Retail, Inc. 2016 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report filed on December 19, 2019 (File No. 001-33982) (the "December 2019 8-K")). +
10.65	Form of Annual Performance-based Restricted Stock Unit Award Agreement between the Registrant and Gregory B. Maffei under the Qurate Retail, Inc. 2016 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.4 to the December 2019 8-K). +
10.66	Form of Upfront Award Agreement between the Registrant and Gregory B. Maffei under the Qurate Retail, Inc. 2016 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.5 to the December 2019 8-K). +
10.67	Third Supplemental Indenture, dated February 4, 2020, by and among QVC, Inc., Affiliate Investment, Inc., Affiliate Relations Holdings, Inc., AMI 2, Inc., ER Marks, Inc., QVC Global Holdings I, Inc., QVC Global Holdings II, Inc., QVC Rocky Mount, Inc., QVC San Antonio, LLC, QVC Deutschland GP, Inc., HSN, Inc., HSNi, LLC, HSN Holding LLC, AST Sub, Inc., Home Shopping Network En Espanol, L.L.C., Home Shopping Network En Espanol, L.P., H.O.T. Networks Holdings (Delaware) LLC, HSN of Nevada LLC, Ingenious Designs LLC, NLG Merger Corp., Ventana Television, Inc., and Ventana Television Holdings, Inc., as guarantors, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to QVC Inc.'s Current Report on Form 8-K (File No. 001-38654) as filed on February 4, 2020 (the "February 2020 Form 8-K")).
10.68	Form of 4.75% Senior Secured Notes due 2027 (incorporated by reference to Exhibit 4.3 to the February 2020 Form 8-K).
21	Subsidiaries of Qurate Retail, Inc.*
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	Reconciliation of Qurate Retail, Inc. Net Assets and Net Earnings to Liberty Interactive LLC Net Assets and Net Earnings. **
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Definition Document.*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

* Filed herewith.
** Furnished herewith.
\+ This document has been identified as a management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary.

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

QURATE RETAIL, INC.

Date: February 26, 2020	By /s/ MICHAEL A. GEORGE Michael A. George *Chief Executive Officer and President*
Date: February 26, 2020	By /s/ BRIAN J. WENDLING Brian J. Wendling *Chief Accounting Officer and Principal Financial Officer* *(Principal Financial Officer and Principal Accounting Officer)*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/Gregory B. Maffei Gregory B. Maffei	Chairman of the Board and Director	February 26, 2020
/s/Michael A. George Michael A. George	Director, Chief Executive Officer and President	February 26, 2020
/s/Brian J. Wendling Brian J. Wendling	Chief Accounting Officer and Principal Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 26, 2020
/s/Richard N. Barton Richard N. Barton	Director	February 26, 2020
/s/John C. Malone John C. Malone	Director	February 26, 2020
/s/M. Ian G. Gilchrist M. Ian G. Gilchrist	Director	February 26, 2020
/s/Evan D. Malone Evan D. Malone	Director	February 26, 2020
/s/David E. Rapley David E. Rapley	Director	February 26, 2020
/s/Larry E. Romrell Larry E. Romrell	Director	February 26, 2020

/s/ Andrea L. Wong Andrea L. Wong	Director	February 26, 2020
/s/Mark Vadon Mark Vadon	Director	February 26, 2020
/s/Fiona P. Dias Fiona P. Dias	Director	February 26, 2020

Exhibit 4.3

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of the end of the period covered by the most recent Annual Report on Form 10-K of Qurate Retail, Inc. (the "Registrant"), the following securities of the Registrant were registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) Series A common stock, par value $0.01 per share (the "Series A common stock"), and (2) Series B common stock, par value $0.01 per share (the "Series B common stock").

Description of Registrant's Common Stock

The following description of the Registrant's Series A common stock and Series B common stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to the Registrant's Restated Certificate of Incorporation (the "charter"), which is an exhibit to this Annual Report on Form 10-K and is incorporated by reference herein. We encourage you to read the charter and the applicable provisions of the Delaware General Corporation Law for additional information.

Authorized Capital Stock

The Registrant's authorized capital stock consists of eight billion two hundred million (8,200,000,000) shares, of which eight billion one hundred fifty million (8,150,000,000) shares are designated common stock, par value $0.01 per share, and fifty million (50,000,000) shares are designated preferred stock, par value $0.01 per share (the "preferred stock"). The common stock is divided into three series. The Registrant has four billion (4,000,000,000) shares of Series A common stock, one hundred fifty million (150,000,000) shares of Series B common stock, and four billion (4,000,000,000) shares of Series C common stock authorized (the "Series C common stock").

The Registrant's Common Stock

The holders of the Registrant's Series A common stock, Series B common stock and Series C common stock have equal rights, powers and privileges, except as otherwise described below.

Voting Rights

The holders of the Registrant's Series A common stock are entitled to one vote for each share held, and the holders of its Series B common stock are entitled to ten votes for each share held, on all matters voted on by the Registrant's stockholders, including elections of directors. The holders of its Series C common stock are not entitled to any voting powers, except as required by Delaware law. When the vote or consent of holders of the Series C common stock is required by Delaware law, the holders of the Registrant's Series C common stock will be entitled to 1/100th of a vote for each share held. The Registrant's charter does not provide for cumulative voting in the election of directors.

Dividends; Liquidation

Subject to any preferential rights of any outstanding series of the Registrant's preferred stock created by the board from time to time, the holders of the Registrant's common stock will be entitled to such dividends as may be declared from time to time by the board from funds available therefor. Except as otherwise described under "—Distributions," whenever a dividend is paid to the holders of one series of common stock, the Registrant will also pay to the holders of the other series of its common stock an equal per share dividend.

Conversion

Each share of the Registrant's Series B common stock is convertible, at the option of the holder, into one share of Series A common stock. The Registrant's Series A common stock and Series C common stock are not convertible into shares of any other series of the Registrant's common stock.

Distributions

Subject to the exception provided below, distributions made in shares of the Registrant's Series A common stock, Series B common stock, Series C common stock or any other security with respect to the Series A common stock, Series B common stock or Series C common stock may be declared and paid only as follows:

- a share distribution (1) consisting of shares of the Registrant's Series C common stock (or securities convertible therefor) to holders of Series A common stock, Series B common stock and Series C common stock, on an equal per share basis; or (2) consisting of (x) shares of the Registrant's Series A common stock (or securities convertible therefore other than, for the avoidance of doubt, shares of Series B common stock) to holders of Series A common stock, on an equal per share basis, (y) shares of Series B common stock (or securities convertible therefor) to holders of Series B common stock, on an equal per share basis, and (z) consisting of shares of Series C common stock (or securities convertible therefor) to holders of Series C common stock, on an equal per share basis; and

- a share distribution consisting of any class or series of securities of the Registrant or any other person, other than the Registrant's Series A common stock, Series B common stock or Series C common stock (or securities convertible therefor) on the basis of a distribution of (1) identical securities, on an equal per share basis, to holders of Series A common stock, Series B common stock and Series C common stock; or (2) separate classes or series of securities, on an equal per share basis, to holders of each such series of the Registrant's common stock; or (3) a separate class or series of securities to the holders of one or more series of the Registrant's common stock and, on an equal per share basis, a different class or series of securities to the holders of all other series of the Registrant's common stock, provided that, in the case of (2) or (3) above, the securities so distributed do not differ in any respect other than their relative voting rights and related differences in designation, conversion and share distribution provisions, with the holders of shares of Series B common stock receiving securities of the class or series having the highest relative voting rights and the holders of shares of each other series of common stock receiving securities of the class or series having lesser relative voting rights, and provided further that, if different classes or series of securities are being distributed to holders of Series A common stock and Series C common stock, then such securities shall be distributed either as determined by the board of directors or such that the relative voting rights of the securities of the class or series of securities to be received by the holders of Series A common stock and Series C common stock corresponds, to the extent practicable, to the relative voting rights of each such series of common stock.

Reclassification

The Registrant may not reclassify, subdivide or combine any series of its common stock then outstanding without reclassifying, subdividing or combining the other series of its common stock then outstanding, on an equal per share basis.

Liquidation and Dissolution

In the event of the liquidation, dissolution or winding up of the Registrant, after payment or provision for payment of the debts and liabilities of the Registrant and subject to the prior payment in full of any preferential amounts to which the preferred stock holders may be entitled, the holders of Series A common stock, Series B common stock and Series C common stock will share equally, on a share for share basis, in the Registrant's assets remaining for distribution to the holders of its common stock.

Other Provisions of the Registrant's Certificate of Incorporation

The Registrant's Preferred Stock

The Registrant's charter authorizes its board of directors (the "board") to establish one or more series of preferred stock and to determine, with respect to any series of preferred stock, the terms and rights of the series, including:

- the designation of the series;
- the number of authorized shares of the series, which number the board may subsequently increase or decrease but not below the number of such shares of such series preferred stock then outstanding;
- the dividend rate or amounts, if any, payable on the shares and, in the case of cumulative dividends, the date or dates from which dividends on all shares of the series will be cumulative and the relative preferences or rights of priority or participation with respect to such dividends;
- the rights of the series in the event of the Registrant's voluntary or involuntary liquidation, dissolution or winding up and the relative preferences or rights of priority of payment;
- the rights, if any, of holders of the series to convert into or exchange for other classes or series of stock or indebtedness and the terms and conditions of any such conversion or exchange, including provision for adjustments within the discretion of the board;
- the voting rights, if any, of the holders of the series;
- the terms and conditions, if any, for the Registrant to purchase or redeem the shares of the series; and
- any other relative rights, preferences and limitations of the series.

The Registrant believes that the ability of its board to issue one or more series of its preferred stock will provide it with flexibility in structuring possible future financings and acquisitions, and in meeting other corporate needs that might arise. The authorized shares of preferred stock, as well as shares of common stock, will be available for issuance without further action by stockholders, unless such action is required by applicable law or the rules of any stock exchange or automatic quotation system on which the Registrant's securities may be listed or traded.

Although the Registrant has no intention at the present time of doing so, it could issue a series of preferred stock that could, depending on the terms of such series, impede the completion of a merger, tender offer or other takeover attempt. The board will make any determination to issue such shares based upon its judgment as to the best interests of the Registrant's stockholders. The board, in so acting, could issue preferred stock having terms that could discourage an acquisition attempt through which an acquirer may be able to change the composition of the board of directors, including a tender offer or other transaction that some, or a majority, of stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over the then-current market price of the stock.

Board of Directors

The Registrant's charter provides that, subject to any rights of the holders of any series of preferred stock to elect additional directors, the number of directors will not be less than three and the exact number will be fixed by a resolution of the board. The members of the board, other than those who may be elected by holders of any then-outstanding preferred stock, will be divided into three classes. Each class will consist, as nearly as possible, of a number of directors equal to one-third of the then authorized number of board members.

As of December 31, 2019, the terms of the Class I, II and III directors who were then in office will expire at the annual meeting of stockholders to be held in 2020, 2021 and 2022, respectively. At each annual meeting of stockholders, the successors of that class of directors whose term expires at that meeting will be elected to hold office for a term expiring at the annual meeting of stockholders to be held in the third year following the year of their election. The directors of each class will hold office until the expiration of the term of such class and their respective successors are elected and qualified or until such director's earlier death, resignation or removal.

The charter provides that, subject to the rights of the holders of any series of preferred stock, directors may be removed from office only for cause upon the affirmative vote of the holders of at least a majority of the aggregate voting power of outstanding capital stock entitled to vote on such matter voting together as a single class.

The charter provides that, subject to the rights of the holders of any series of preferred stock, vacancies on the board resulting from death, resignation, removal, disqualification or other cause, and newly created directorships resulting from any increase in the number of directors on the board, will be filled only by the affirmative vote of a majority of the remaining directors then in office (even though less than a quorum) or by the sole remaining director. Any director so elected shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred or to which the new directorship is assigned, and until that director's successor will have been elected and qualified or until such director's earlier death, resignation or removal. No decrease in the number of directors constituting the Registrant's board will shorten the term of any incumbent director, except as may be provided in any certificate of designation with respect to a series of preferred stock with respect to any additional director elected by the holders of that series of preferred stock.

These provisions would preclude a third party from removing incumbent directors and simultaneously gaining control of the board by filling the vacancies created by removal with its own nominees. Under the classified board provisions described above, it would take at least two elections of directors for any individual or group to gain control of the board. Accordingly, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of the Registrant.

Limitation on Liability and Indemnification

To the fullest extent permitted by Delaware law, the Registrant's directors are not liable to the Registrant or any of its stockholders for monetary damages for breaches of fiduciary duties as a director. In addition, the Registrant indemnifies, to the fullest extent permitted by applicable law, any person involved in any suit or action by reason of the fact that such person is a director or officer of the company or, at the Registrant's request, a director, officer, employee or agent of another corporation or entity, against all liability, loss and expenses incurred by such person. The Registrant will pay expenses of a director or officer in defending any proceeding in advance of its final disposition, provided that such payment is made upon receipt of an undertaking by the director or officer to repay all amounts advanced if it should be ultimately determined that the director or officer is not entitled to indemnification.

No Stockholder Action by Written Consent; Special Meetings

The Registrant's charter provides that, except as provided in the terms of any series of preferred stock, any action required to be taken or which may be taken at any annual or special meeting of the stockholders may not be taken without a meeting and may not be effected by any consent in writing by such holders. Except as otherwise required by law and subject to the rights of the holders of any series of preferred stock, special meetings of stockholders for any purpose or purposes may be called only by the Secretary (i) upon the written request of the holders of not less than 66 2/3% of the total voting power of the then outstanding shares of the Series A common stock, Series B common stock and, if applicable, the preferred stock, entitled to vote thereon or (ii) at the request of at least 75% of the members of the board of directors then in office.

Amendments

The Registrant's charter provides that, subject to the rights of the holders of any series of preferred stock, the affirmative vote of the holders of at least 66 2/3% of the aggregate voting power of the outstanding capital stock entitled to vote on such matter, voting together as a single class, is required to adopt, amend or repeal any provision of the charter or to add or insert any provision in the charter, provided that the foregoing enhanced voting requirement will not apply to any adoption, amendment, repeal, addition or insertion (1) as to which Delaware law does not require the consent of stockholders or (2) which has been approved by at least 75% of the members of the board then in office. The Registrant's charter further provides that the affirmative vote of the holders of at least 66 2/3% of the aggregate voting power of the outstanding capital stock entitled to vote on such matter, voting together as a single class, is required to adopt, amend or repeal any provision of the bylaws, provided that the board of directors may adopt, amend or repeal the bylaws by the affirmative vote of not less than 75% of the members of the board then in office.

Supermajority Voting Provisions

In addition to the supermajority voting provisions discussed under "—Amendments" above, the Registrant's charter provides that, subject to the rights of the holders of any series of preferred stock, the affirmative vote of the holders of at least 66 2/3% of the aggregate voting power of the outstanding capital stock entitled to vote on such matter, voting together as a single class, is required for:

- the merger or consolidation of the Registrant with or into any other corporation (including a merger consummated pursuant to Section 251(h) of the General Corporation Law of the State of Delaware (the "DGCL") and notwithstanding the exception to a vote of stockholders for such a merger set forth therein), provided, that the foregoing voting provision will not apply to any such merger or consolidation (1) as to which the laws of the State of Delaware, as then in effect, do not require the consent of the Registrant's stockholders (other than Section 251(h) of the DGCL), or (2) that at least 75% of the members of the board then in office have approved;

- the sale, lease or exchange of all, or substantially all, of the Registrant's assets, provided, that the foregoing voting provisions will not apply to any such sale, lease or exchange that at least 75% of the members of the board then in office have approved; or

- the Registrant's dissolution, provided, that the foregoing voting provision will not apply to such dissolution if at least 75% of the members of the board then in office have approved such dissolution.

Section 203 of the Delaware General Corporation Law

Section 203 of the DGCL prohibits certain transactions between a Delaware corporation and an "interested stockholder." An "interested stockholder" for this purpose generally is a stockholder who is directly or indirectly a beneficial owner of 15% or more of the outstanding voting power of a Delaware corporation. This provision prohibits certain business combinations between an interested stockholder including certain related persons and a corporation for a period of three years after the date on which the stockholder became an interested stockholder, unless: (1) prior to the time that a stockholder became an interested stockholder, either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder is approved by the corporation's board of directors, (2) the interested stockholder acquired at least 85% of the voting power of the corporation in the transaction in which the stockholder became an interested stockholder, or (3) the business combination is approved by a majority of the board and the affirmative vote of the holders of 66 2/3% of the outstanding voting power of the shares not owned by the interested stockholder at or subsequent to the time that the stockholder became an interested stockholder. The Registrant is subject to Section 203.

Exhibit 10.62

FORM OF FIRST AMENDMENT TO SERVICES AGREEMENT

This First Amendment to Services Agreement (this "Amendment"), effective as of December 13, 2019, is between Liberty Media Corporation, a Delaware corporation (the "Provider"), and [____], a Delaware corporation ("[____]" or "[____]").

RECITALS

WHEREAS, the Provider and [____] previously entered into that certain Services Agreement, dated as of [____] (the "Original Agreement"); and

WHEREAS, in connection with the execution and delivery by the Provider and Gregory B. Maffei ("Executive") of that certain Executive Employment Agreement dated as of the date hereof (the "Executive Employment Agreement"), the Provider and [____] desire to amend the Original Agreement on the terms and conditions set forth herein.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals, the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be bound legally, agree as follows:

1. **Defined Terms.** All initially capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Original Agreement.

(a) The term "[____]" as used in the Original Agreement and this Amendment (and the term "[____]" as used in this Amendment) shall each refer to [____], a Delaware corporation.

(b) References to "the Agreement" shall be deemed to be references to the Original Agreement, as amended by this Amendment and as it may be further amended from time to time in accordance with the terms thereof and hereof.

2. **Amendment to Section 2.2.** Section 2.2 of the Original Agreement is amended to read in its entirety as follows:

"Section 2.2Cost Reimbursement. In addition to (and without duplication of) the [Allocated Expenses] [Services Fee] payable pursuant to Section 2.1 and Executive Allocated Expenses pursuant to Section 2.5, [____] also will reimburse the Provider for all direct out-of-pocket costs, with no markup ("Out-of-Pocket Costs"), incurred by the Provider in performing the Services (e.g., postage and courier charges, [software license fees attributable to desktop or laptop computers utilized by Employees,] travel, meals and entertainment expenses, and other miscellaneous expenses that are incurred by the Provider or the [Employees] [Personnel] in the conduct of the Services)."

3. Amendment to [Section 2.4] [Article II]. [Section 2.4] [Article II] of the Original Agreement is amended to [read in its entirety] [insert new Section 2.4 and Section 2.5] as follows:

"[Section 2.4. Survival.] The terms and conditions of this Article II will survive the expiration or earlier termination of this Agreement with respect to such amounts as are payable in respect of the period of time prior to the effective date of such expiration or termination."

4. [Amendment to Article II. Article II of the Original Agreement is amended to insert new Section 2.5 as follows:]

"Section 2.5. Executive Compensation Expenses. Notwithstanding anything in this Agreement to the contrary, this Section 2.5 shall apply with respect to the Executive Allocated Expenses and Direct Compensation (each as defined below).

(a) *Executive Allocated Expenses*. [____] shall be allocated a portion of the Executive Allocated Expenses equal to its Executive Percentage (as defined below). The "Executive Allocated Expenses" mean Executive's aggregate salary, commitment bonus (as described in Section 4.2 of the Executive Employment Agreement), health, retirement and other compensation, benefits, perquisites, any legal fees and other expense reimbursements owed to Executive pursuant to Section 9.6 of the Executive Employment Agreement, any Special Reimbursement payments owed to Executive by the Provider (as defined and described in Section 9.7 of the Executive Employment Agreement) and other expenses paid by Provider in connection with the employment of Executive and all Severance Payments (as defined below) paid by Provider; *provided, however,* that the Executive Allocated Expenses will not include (1) any annual cash bonus amounts with respect to services performed for the benefit of the Provider (excluding, for the avoidance of doubt, the commitment bonus described in Section 4.2 of the Executive Employment Agreement) and any equity-based compensation, in each case, paid to such [Employee] [Personnel] by the Provider, (2) all Direct Compensation and any Prorated Executive Bonus Payment (as defined below), and (3) Out-of-Pocket Costs. The Executive Allocated Expenses will be more fully set forth in, and determined from time to time in the manner set forth in, Schedule 2.5 attached hereto, as such Schedule may be periodically amended and revised by the parties as set forth in this Section 2.5.

(b) *Payment of Direct Compensation*. In accordance with the Executive Employment Agreement, [____] agrees to (i) pay Executive [____]'s allocation of the annual cash bonus amounts with respect to services performed for the benefit of [____] in accordance with Section 4.3 of the Executive Employment Agreement with such allocation being equal to the Executive Percentage, (ii) grant Executive options to purchase shares of Series [__] Common Stock of [____] ("[____] Common Stock") in accordance with Section 4.10 of the Executive Employment Agreement (the "Service Company Term Awards") and (iii) grant Executive an annual award with respect to [____] Common Stock in accordance with Section 4.11 of the Executive Employment Agreement (the "Annual Executive Incentive Awards" and, together with the Service Company Term Awards, the "Equity Awards"). The compensation described in the preceding sentence is referred to herein as the "Direct Compensation." [____] will be solely responsible for all liabilities associated with the Direct Compensation, including with respect to satisfaction of the obligations with respect to Annual Executive Incentive Awards on any termination of Executive's services with the Provider or [____]. The Direct Compensation will be more fully set forth in, and determined from time to time in the manner set forth in, Schedule 2.5 attached hereto, as such Schedule may be periodically amended and revised by the parties as set forth in this Section 2.5.

(c) *Payment of Executive Severance*.

(i) The Executive Allocated Expenses shall include all cash severance payments and benefit continuation obligations owed to Executive by the Provider pursuant to Section 5 of the Executive Employment Agreement ("Severance Payments"). Furthermore, [____] may, in lieu of reimbursing Provider the Executive Percentage of any Severance Payments and in accordance with Section 5 of the Executive Employment Agreement, directly deliver shares of [____] Common Stock to Executive in satisfaction of a portion of its Executive Percentage of the Severance Payments (a "Share-Based Severance Payment"), *provided*, *that*, in the event [____] is unable or otherwise fails to deliver any Share-Based Severance Payment in [____] Common Stock, [____] shall deliver cash to Provider in an amount equal to the value of Share-Based Severance Payment otherwise required to be delivered to Executive by [____].

(ii) Following an Executive Service Termination (as defined below) under circumstances qualifying Executive for payment of a prorated annual bonus pursuant to Section 5.7 of the Executive Employment Agreement (the "Prorated Executive Bonus Payment"), [____] shall pay Executive the Prorated Executive Bonus Payment at the time such payment is due under the Executive Employment Agreement; *provided*, *that*, in the event [____] fails to pay the Prorated Executive Bonus Payment, it shall reimburse the Provider amounts paid by Provider in respect thereof.

(iii) The amounts set forth in this Section 2.5(c) shall be paid by [____] in addition to any Executive Termination Payment payable to Provider under Section 3.4 of this Agreement.

(iv) In the event of any termination of employment or Services of Executive, this Section 2.5 shall apply to any severance or other payments to be made by or allocated to [____][in lieu of, and notwithstanding, Section 4.3 of this Agreement].

(d) *Executive Percentage*. The "Executive Percentage" for the period commencing January 1, 2020 through December 31, 2020 is set forth in Schedule 2.5 and thereafter the Executive Percentage and the Executive Allocated Expenses will be determined annually by the Provider, in consultation with [____] and the Executive, prior to each December 15th of the Term, pursuant to paragraph (e) below.

(e) *Determination of Amounts and Allocations*. Unless otherwise agreed between the Provider and [____], in consultation with Executive, the Executive Percentage will be determined consistent with the methodology described on Schedule 2.5. In addition, following any Significant Corporate Transaction, the Provider and [____], in consultation with Executive, will negotiate in good faith any appropriate adjustments to the Executive Percentage, Executive Allocated Expenses and Direct Compensation. In no event will any such adjustments apply retroactively (without the prior written consent of Provider and [____] in consultation with the Executive and, with respect to any retroactive adjustments to Direct Compensation previously paid or awarded to Executive, without the prior written consent of Executive).

(i) The parties acknowledge and agree that the methodology described on Schedule 2.5 reflects a good faith estimate of the amount of time that the Provider estimates Executive will spend providing Services to [____] during the upcoming fiscal year and that the parties in making any good faith adjustments to the Executive Percentage may take into account such other factors as they deem relevant, including (for the avoidance of doubt) those described in clause (ii) below.

(ii) In the event of (1) a termination by Executive or any other company to whom Executive is providing service at the direction of Provider (each, an "Other Service Company") of Executive's services to such Other Service Company, (2) a Change in Control (as such term is defined in the Executive Employment Agreement) of any Other Service Company, (3) a Fundamental Corporate Event (as defined in the Executive Employment Agreement) with respect to the Provider or any Other Service Company, or (4) any other material change in circumstances with respect to the Provider or any Other Service Company following the last agreed adjustment to the Executive Percentage, Executive Allocated Expenses or Direct Compensation that, in each case, results in a change in the allocable percentage of time spent by Executive providing Services to [____], in the Executive Allocated Expenses or in the Direct Compensation (any such event in clause (1) through (4) inclusive, a "Significant Corporate Transaction"), the Provider and [____] shall promptly, and in good faith, renegotiate the Executive Percentage, Executive Allocated Expenses and Direct Compensation, in consultation with Executive, based on, among other things deemed relevant by the parties, the anticipated Services to be provided by Executive to [____] during any upcoming fiscal period and the amount of time that the Provider estimates Executive will spend providing Services to [____] during such time.

(iii) In the event of a dispute between the Provider and [____] as to the determination of the amount of the Executive Percentage, Executive Allocated Expenses or Direct Compensation, each of the Provider and [____] agrees to attempt, in good faith and in consultation with the Executive, to resolve the dispute as set forth in Section 7.16 of this Agreement.

(iv) It is intended that the payments by [____] to the Provider under this Agreement in respect of Executive Allocated Expenses and any Termination Payment, when combined with the payment of the Direct Compensation and any Prorated Executive Bonus Payment by [____] directly to Executive, are comparable to those which [____] would pay to a third party on an arm's length basis for the same services.

(f) *Provider as Payor*. Notwithstanding Section 4.2 of this Agreement, the parties acknowledge and agree that the Provider, and not [____], will be solely responsible for the payment of salaries, wages, benefits (including health insurance, retirement, and other similar benefits, if any), perquisites and other compensation applicable to Executive; *provided, however*, that [____] is responsible for the reimbursement to Provider of the Executive Percentage of the

Executive Allocated Expenses and payment of the Direct Compensation and any Prorated Executive Bonus Payment directly to Executive each as provided in this Section 2.5. The parties acknowledge that Executive will provide services directly to [____] in consideration for the receipt of the Direct Compensation and any Prorated Executive Bonus Payment. [Except as otherwise required by the terms of the Tax Sharing Agreement,] the Provider will be responsible for the payment of all federal, state, and local withholding taxes on the compensation of Executive (other than Direct Compensation and any Prorated Executive Bonus Payment) and other such employment related taxes as are required by law, and [____] will be responsible for the payment of all federal, state, and local withholding taxes on the Direct Compensation and any Prorated Executive Bonus Payment paid to Executive by [____] and other such employment related taxes as are required by law. Each of [____] and the Provider will cooperate with the other to facilitate the other's compliance with applicable federal, state, and local laws, rules, regulations, and ordinances applicable to the employment of Executive by either party.

(g) *Monthly Payment*. [____] will pay the Provider, by wire or intrabank transfer of funds or in such other manner specified by the Provider to [____], in arrears on or before the last day of each calendar month beginning with January 2020, its allocated portion of the Executive Allocated Expenses then in effect, in monthly installments.

(h) *No Duplication*. For the avoidance of doubt, no Executive Allocated Expenses, Direct Compensation, Prorated Executive Bonus Payments or Executive Termination Payment (as defined below) will be included in the [Allocated Expenses or in the severance payments under Section 4.2 allocated to [____] pursuant to this Agreement][Services Fee]."

5. **Amendment to Section 3.3.** Section 3.3 of the Original Agreement is amended to insert the following as the last paragraph:

"An Executive Termination Payment may be due in connection with the termination of this Agreement pursuant to this Section 3.3 as described in and subject to the limitations of Section 3.4(c)."

6. **Amendment to Article III.** Article III of the Original Agreement is amended to insert new Section 3.4 as follows:

"Section 3.4. Termination of Executive Services. This Section 3.4 shall apply with respect to the termination of any Services provided by Executive in lieu of and notwithstanding Section 3.2 of this Agreement:

(a) *Termination of Executive Services by [____]*. At any time during the Term, [____] may elect to discontinue obtaining any of the Services from Executive (including removing Executive from his position as [Executive Chairman] [President and CEO] at [____]) by providing written notice to the Provider and the Executive (an "Executive Service Termination"). Such Executive Service Termination shall be effective (i) in the case of termination for Cause (as defined in the Executive Employment Agreement with reference to [____]), on the date written notice is provided by [____] to the Provider and the Executive and (ii) in the case of termination for any reason other than termination for Cause on the later of (x) the 30th day following the delivery of such notices (or such later date as may be specified in the notices) and (y) the payment by [____] to the Provider of the Executive Termination Payment.

(b) *Termination of Executive Services by Provider*. At any time during the Term, the Provider may elect to discontinue providing [____] any of the Services by Executive by providing written notice to [____] and the Executive, including, in connection with a termination by Executive of his employment with the Provider or of any services provided to [____] under his Executive Employment Agreement. Such termination shall be effective on the date specified in the notices.

(c) *Termination Requiring Payment of Executive Termination Payment*.

(i) An Executive Service Termination for any reason other than termination for Cause (as defined in the Executive Employment Agreement with reference to [____]) will result in an obligation by [____] to pay the Provider the Executive Termination Payment no later than the effective date of such Executive Service Termination.

(ii) A termination (x) by the Provider of the Services provided to [____] by Executive following or in connection with a Change in Control (as defined in the Executive Employment Agreement with reference to [____]) of [____] or (y) by Executive of his Services provided to [____] under the Executive Employment Agreement, in each case, shall also require the payment by [____] to the Provider of the Executive Termination Payment no later than the effective date of such termination. The effective date of a termination described in clause (y) of this Section 3.4(c)(ii) shall be determined in accordance with the Executive Employment Agreement.

(iii) In event of the termination of this Agreement on or before the expiration of the Employment Period (as defined in the Executive Employment Agreement) pursuant to Section 3.3, [____] will pay the Executive Termination Payment to the Provider no later than the effective date of such termination; *provided*, *however*, that if such termination of this Agreement is at or after the time Executive's services to [____] or Provider under the Executive Employment Agreement have been terminated for Cause or by Executive without Good Reason (each as defined in the Executive Employment Agreement with reference to either Provider or [____]), then no Executive Termination Payment shall be due.

(iv) Notwithstanding anything to contrary in this Section 3.4(c), (1) no Executive Termination Payment shall be payable if in connection with the events giving rise to such payment obligation Executive is no longer employed by Provider, and (2) only one Executive Termination Payment shall be paid under this Agreement.

(v) The "Executive Termination Payment" means the net present value (determined by Provider in good faith, as of the date on which Executive's services to [____] are terminated (the "Service Termination Date")) of the sum of:

(1) an amount equal to (x) the Executive Percentage then-in effect multiplied by (y) all Executive Allocated Expenses that would have been allocated to [____] pursuant to Section 2.5 (absent termination of Executive's services to [____]) from and

after the Service Termination Date through the earlier of the expiration of the Employment Period or December 31 of the calendar year following the year in which the Service Termination Date occurs (and if the Executive Percentage for such following year has not yet been determined, then the Executive Percentage for such following year will be deemed to be the same as the Executive Percentage for the year in which the Service Termination Date occurs); *plus*

(2) an amount equal to (x) [____]'s allocation of the Aggregate Target Bonus (as defined in the Executive Employment Agreement) for the year in which the Service Termination Date occurs multiplied by (y) the ratio of (A) the number of days remaining in the year in which the Service Termination Date occurs to (B) 365; *plus*

(3) an amount equal to [____]'s allocation of the Aggregate Target Bonus for the first calendar year commencing after the Service Termination Date (and if [____]'s allocation of the Aggregate Target Bonus for such year has not yet been determined, then this clause (3) shall refer to [____]'s allocation of the Aggregate Target Bonus for the year in which the Service Termination Date occurs); *provided*, that if the Service Termination Date occurs during the last calendar year of the Employment Period, then this clause (3) shall equal $0; *plus*

(4) if the Service Company Term Awards to be granted to Executive by [____] pursuant to Section 2.5(b)(ii) of this Agreement have not been granted on or before the Service Termination Date, then an amount equal to the portion of the $45,000,000 grant value for all Term Awards (as defined in the Executive Employment Agreement) that is allocated to [____] pursuant to Section 4.10(b) of the Executive Employment Agreement (and if the portion of the Term Awards that will be allocated to [____] pursuant to Section 4.10(b) of the Executive Employment Agreement has not yet been determined, then this clause (4) shall refer to the portion of the Term Awards allocated to [____] pursuant to Schedule 2.5 to this Agreement with respect to the Service Company Term Awards granted by [____] in December 2019 pursuant to Section 4.10(a) of the Executive Employment Agreement, unless otherwise agreed by the Provider and [____], in consultation with the Executive); *provided that* if all Service Company Term Awards have been granted to Executive on or before the Service Termination Date then this clause (4) shall equal $0; *plus*

(5) if the Annual Executive Incentive Awards to be granted to Executive by [____] pursuant to Section 2.5(b)(iii) of this Agreement for the year in which the Service Termination Date occurs have not been granted on or before the Service Termination Date, then an amount equal to the Service Company Target Amount (as defined in the Executive Employment Agreement) applicable to [____] pursuant to Section 4.11(b) of the Executive Employment Agreement for such year (and if all Annual Executive Incentive Awards for the year in which the Service Termination Date occurs have been granted to Executive, then this clause (5) shall equal $0); plus

(6) an amount equal to the Service Company Target Amount (as defined in the Executive Employment Agreement) applicable to [____] for the first calendar year commencing after the Service Termination Date (and if the Service Company Target

Amount for such year has not yet been determined, then this clause (6) shall refer to the Service Company Target Amount applicable to [____] for the year in which the Service Termination Date occurs) ; *provided*, that if the Service Termination Date occurs during the last calendar year of the Employment Period, then this clause (6) shall equal $0.

(d) *No Effect on other Services*. The Provider shall have no obligation to provide the Services that have been discontinued pursuant to this Section 3.4, and [____]'s obligation to further compensate the Provider for such Services, in each case, from and after the effective date of the termination of such Services in accordance with this Agreement will remain in effect for the remainder of the Term with respect to those Services that have not been so discontinued. Each party will remain liable to the other for any required payment or performance accrued prior to the effective date of the termination of such Services.

(e) *Impact on Equity Awards*. The impact of termination of any Services provided by Executive pursuant to this Section 3.4 on the Equity Awards will be as specified in the Equity Award Agreements."

7. Amendment to Article V. Article V of the Original Agreement is amended to insert new Section 5.3 as follows:

"Section 5.3. Equity Awards. [____] represents and warrants that each equity award granted to Executive with respect to its common stock shall either be exempt from or comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409"). Without limiting the foregoing, each option granted to Executive that is intended to be exempt from Section 409A shall be with respect to "service recipient stock" and with respect to an "eligible issuer of service recipient stock" (each as defined in Section 409A), shall not contain any feature for the deferral of compensation and shall have an exercise or strike price that is not less than the fair market value of such service recipient stock on the grant date of such award."

8. Amendment to Section 6.4. Section 6.4 of the Original Agreement is amended to read in its entirety as follows:

"Section 6.4.Survival. The terms and conditions of this Article VI will survive the expiration or termination of this Agreement only in respect of claims for indemnification asserted against the Indemnitor prior to such termination."

9. Amendment to Section 7.6. Section 7.6 of the Original Agreement is amended to read in its entirety as follows:

"Section 7.6. Third-Party Rights. Nothing expressed or referred to in this Agreement is intended or will be construed to give any Person other than the parties hereto, the [____] Indemnitees, Provider Indemnitees, Executive and their respective successors and permitted assigns any legal or equitable right, remedy or claim under or with respect to this Agreement, or any provision hereof, it being the intention of the parties hereto that this Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement, Executive and their respective successors and assigns. For the avoidance of doubt, Executive shall be considered a third party beneficiary of this Agreement with respect to, and entitled to the rights and benefits set forth in, the Amendment and may enforce the applicable provisions of this Agreement as if Executive was a party hereto."

10. **Amendment to Section 7.9**. Section 7.9(a) of the Original Agreement is amended to read in its entirety as follows:

"(a) This Agreement will inure to the benefit of and be binding on the parties to this Agreement and their respective legal representatives, successors and permitted assigns, including, for avoidance of doubt successors and assigns of [____] as a result of a Spin Transaction or a Fundamental Corporate Event (each as defined in the Executive Employment Agreement)."

11. **Amendment to Article VII.** Article VII of the Original Agreement is amended to insert new Section 7.16 as follows:

"Section 7.16. Dispute Resolution**.** In the event of any dispute arising out of or related to this Agreement or any of the transactions contemplated hereby, the parties shall first negotiate in good faith to resolve such dispute in accordance with this Section 7.16 prior to commencing any action, suit or proceeding before any court or other adjudicatory body. The parties shall designate representatives to meet to negotiate in good faith a resolution of such dispute for a period of thirty days (which may be extended by agreement of the parties). If at the end of the good faith negotiation period the parties fail to resolve the dispute, then the parties shall mediate the dispute before a neutral third party mediator under the then current American Arbitration Association (AAA) procedures for mediation of business disputes. The parties will equally share the cost of the mediation."

12. **Counterparts; Electronic Execution.** This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Amendment. Delivery of an executed counterpart of this Amendment electronically (including by e-mail delivery of a ".pdf" format data file) shall be equally as effective as delivery of a manually executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment electronically also shall deliver a manually executed counterpart of this Amendment but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

13. **Entire Agreement.** The Original Agreement as amended by this Amendment constitutes the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and thereof, and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof and thereof.

14. **Reaffirmation of the Original Agreement.** Except as specifically set forth in this Amendment, all other terms and conditions of the Original Agreement shall remain in full force and effect.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, each of the parties has signed this Amendment, or has caused this Amendment to be signed by its duly authorized officer, as of the date first above written.

PROVIDER:

LIBERTY MEDIA CORPORATION

By: ______________________________
Name: Renee Wilm
Title: Chief Legal Officer

[____]:

[____]

By: ______________________________
Name: Kate Jewell
Title: Assistant Vice President

[*Signature Page to* [____] *Amendment*]

Schedule 2.5

Executive Percentage

2020 Executive Percentage

For Executive's 2020 compensation, the Executive Percentage for each of Provider, Qurate Retail, Inc. ("Qurate"), Liberty Broadband Corporation ("LBC"), GCI Liberty, Inc. ("GCIL") and Liberty TripAdvisor Holdings, Inc. ("LTAH" and together with Qurate, LBC and GCIL, the "Service Companies" and each, a "Service Company") will be as set forth below, unless a different allocation is otherwise agreed by Provider, the Service Companies and Executive:

	Provider			**Qurate**	**GCIL**	**LBC**	**LTAH**
	FWONK	**LSXMK**	**BATRK**	**QRTEA**	**GLIBA**	**LBRDK**	**LTRPB**
2020 Executive Percentage (by ticker)	16.0%	23.0%	5.0%	19.0%	14.0%	18.0%	5.0%
2020 Executive Percentage (by company)	44.0%			19.0%	14.0%	18.0%	5.0%

Executive Percentage Methodology

For calendar years 2021 and beyond, the "Executive Percentage" will be determined based on the following two factors, each weighted 50%: (i) the relative market capitalization of shares of Series C Liberty SiriusXM common stock, par value $0.01 per share ("LSXMK"), Series C Liberty Braves common stock, par value $0.01 per share ("BATRK"), and Series C Liberty Formula One common stock, par value $0.01 per share ("FWONK," and together with LSXMK and BATRK, the "Series C Common Stock"), Series A common stock, par value $0.01 per share, of Qurate ("QRTEA"), Series C common stock, par value $0.01 per share, of LBC ("LBRDK"), Series A common stock, $0.01 per share, of GCIL ("GLIBA") and Series B common stock, par value $0.01 per share, of LTAH ("LTRPB," and together with the Series C Common Stock, QRTEA, LBRDK and GLIBA, the "Common Stock"); and (ii) on the average of (x) the percentage allocation of time for all Provider employees across the applicable Service Companies or tracking stock groups represented by all Series C Common Stock and (y) the Executive's percentage allocation of time across the applicable Service Companies or tracking stock groups represented by all Series C Common Stock (in each case, for the prior calendar year), unless a different allocation method is otherwise agreed by the Provider and the Service Companies in consultation with the Executive.

Certain 2020 Executive Allocated Expenses

For the avoidance of doubt, the aggregate annual base salary and the initial commitment bonus payable to Executive pursuant to the Executive Employment Agreement shall be allocated to, and reimbursed to Provider by, each Service Company in 2020 based on its respective Executive Percentage as set forth below:

	Aggregate Amount	Allocation of Aggregate Annual Base Salary and Initial Commitment Bonus by Company				
		Provider	Qurate	GCIL	LBC	LTAH
2020 Executive Percentage		44.0%	19.0%	14.0%	18.0%	5.0%
2020 Annual Base Salary	$ 3,000,000	$1,320,000	$570,000	$420,000	$540,000	$150,000
Initial Commitment Bonus	$ 5,000,000	$2,200,000	$950,000	$700,000	$900,000	$250,000

Direct Compensation

Direct Compensation

The amounts of the annual cash performance bonus, the Annual Executive Incentive Awards and the Service Company Term Awards payable by each Service Company directly to Executive pursuant to Section 2.5(b) of this Agreement shall be determined as follows:

- Annual Cash Performance Bonus. Executive's aggregate target annual cash performance bonus amount of $17 million ("Aggregate Annual Target Cash Bonus") is allocated to each Service Company based on its respective Executive Percentage and may be made subject to the achievement of one or more performance metrics as described in Section 4.3 of the Executive Employment Agreement;

- Annual Incentive Awards. Executive's aggregate annual equity award target value of $17.5 million ("Aggregate Annual Equity Award Target") is allocated to each Service Company based on its respective Executive Percentage; and

- Service Company Term Awards. Executive's aggregate upfront stock option and restricted stock unit ("RSU") grant date value of $90 million ("Aggregate Term Award") is allocated to each Service Company based on its respective Executive Percentage.

2020 Allocation

The Aggregate Annual Target Cash Bonus, Aggregate Annual Equity Incentive Award Target and Aggregate Term Award shall be allocated to each Service Company in 2020 based on its respective Executive Percentage as set forth below:

	Aggregate Annual Target Cash Bonus	Allocation of Aggregate Annual Target Cash Bonus by Company				
		Provider	Qurate	GCIL	LBC	LTAH
2020 Executive Percentage		44.0%	19.0%	14.0%	18.0%	5.0%
2020 Annual Target Cash Bonus	$ 17,000,000	$7,480,000	$3,230,000	$2,380,000	$3,060,000	$850,000

	Aggregate Annual Equity Award Target	Allocation of Aggregate Annual Equity Award Target by Ticker[(1)]						
		Provider			Qurate	GCIL	LBC	LTAH
		FWONK	LSXMK	BATRK	QRTEA	GLIBA	LBRDK	LTRPB
2020 Executive Percentage		16.0%	23.0%	5.0%	19.0%	14.0%	18.0%	5.0%
2020 Annual Equity Award Target	$17,500,000	$ 2,800,000	$4,025,000	$875,000	$3,325,000	$2,450,000	$3,150,000	$875,000
2020 Annual Equity Awards (by company)	$17,500,000	Total: $7,700,000			$3,325,000	$2,450,000	$3,150,000	$875,000

(1) The exercise price of any options granted by the Provider or a Service Company will equal the fair market value of the underlying stock on the grant date determined in accordance with the governing plan, which will not occur

during a blackout. The value will be determined in accordance with the applicable company's standard grant practice.

	Aggregate Term Award [1]	Allocation of Aggregate Term Award by Ticker [1] [2]						
		Provider			Qurate	GCIL	LBC	LTAH
		FWONK	LSXMK	BATRK	QRTEA	GLIBA	LBRDK	LTRPB
Executive Percentage		16.0%	23.0%	5.0%	19.0%	14.0%	18.0%	5.0%
2019 tranche	$45,000,000	$7,200,000	$10,350,000	$2,250,000	$8,550,000	$6,300,000	$8,100,000	$2,250,000
2020 tranche (estimated)	$45,000,000	$7,200,000	$10,350,000	$2,250,000	$8,550,000	$6,300,000	$8,100,000	$2,250,000
Total Term Awards (by company)	$90,000,000	Total: $39,600,000			$17,100,000	$12,600,000	$16,200,000	$4,500,000

(1) The Aggregate Term Award will be split into two equal tranches to be granted in December 2019 and December 2020, with each tranche cliff vesting on December 31 of 2023 and 2024, respectively, except LTAH's awards of upfront RSUs will vest on the fourth anniversary of each grant date.

(2) The exercise price of any options granted by the Provider or a Service Company will equal the fair market value of the underlying stock on the grant date determined in accordance with the governing plan, which will not occur during a blackout. The value will be determined in accordance with the applicable company's standard grant practice.

Methodology for Allocation of 2020 tranche of Aggregate Term Awards

With respect to the second tranche of the Aggregate Term Awards to be granted on or before December 15, 2020, the awards will be the responsibility of the Provider and each Service Company based on an allocation of $45 million grant value across each class of Common Stock and on the following two factors, each weighted 50%: (i) the relative market value of each such class of Common Stock and (ii) the average of (x) the percentage allocation of time for all Provider employees across the applicable Service Company or tracking stock groups represented by all Series C Common Stock and (y) the Executive's percentage allocation of time across the applicable Service Company or tracking stock groups represented by all Series C Common Stock (in each case, for calendar year 2020), unless a different allocation method is otherwise agreed by the Provider and the Service Companies in consultation with the Executive.

As of December 31, 2019

A table of subsidiaries of Qurate Retail, Inc. is set forth below, indicating as to each the state or jurisdiction of organization and the names under which such subsidiaries do business. Subsidiaries not included in the table are inactive or, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Entity Name	Domicile
1227844 Ontario Ltd.	Ontario
Affiliate Distribution & Mktg., Inc. (fka Affiliate Sales & Marketing, Inc.)	DE
Affiliate Investment, Inc.	DE
Affiliate Relations Holdings, Inc.	DE
AMI 2, Inc.	DE
AST Sub, Inc.	DE
Ballard Designs, Inc.	GA
California Voices, LLC (fka QVC Voices, LLC)	DE
CFF Operations, LLC	DE
Cinmar, LLC	DE
Contract Décor, Inc.	DE
Cornerstone Brands, Inc.	DE
Cornerstone Shared Services, LLC (fka Cornerstone Services, Inc.)	DE
Diamonique Canada Holdings, Inc.	DE
DMS DE, Inc.	DE
ER Development International, Inc. (dba QVC International Development)	PA
ER Marks, Inc.	DE
Frontgage Marketing, Inc.	DE
Garnet Hill, Inc.	NH
GC Marks, Inc. (fka TATV, Inc.)	DE

H.O.T Networks Holdings (Delaware) LLC	DE
Home Shopping Espanol (Mexico) S. de R. L. de CV	Mexico
Home Shopping Espanol Servicios (Mexico) S. de R. L. de CV	Mexico
Home Shopping Network En Espanol, L.P.	DE
Home Shopping Network En Espanol, L.L.C.	DE
HSN Catalog Services, Inc.	DE
HSN Holding LLC	DE
HSN Improvments LLC	DE
HSN of Nevada LLC	DE
HSN, Inc.	DE
HSNi, LLC	DE
IC Marks, Inc.	DE
IM Experience, Inc.	PA
Influence Marketing Corp (dba QVC @ theMall)	Nova Scotia
Influence Marketing Services, Inc.	Ontario
Ingenious Designs LLC	DE
Innovative Retailing, Inc.	DE
Liberty Interactive LLC	DE
Liberty USA Holdings, LLC	DE
NLG Merger Corp.	DE
NSTBC, Inc.	DE
QC Marks, Inc.	DE
QDirect Ventures, Inc. (fka Qdirect, Inc.)	DE
QExhibits, Inc.	DE
QHealth, Inc.	DE

QLocal, Inc. (fka QVC Local, Inc.) (dba QVC Productions; QVC Remote Productions)	DE
QRI Cornerstone, Inc.	DE
Qurate Retail Group, Inc.	DE
QVC (Barbados) International Finance SRL LLC	Barbados
QVC Britain	UK
QVC Call Center GmbH & Co. KG	Germany
QVC Call Center Vërwaltungs-GmbH	Germany
QVC Cayman Holdings LLC	DE
QVC Cayman, Ltd.	Cayman Islands
QVC Chesapeake, LLC	VA
QVC China Holdings Limited	Hong Kong
QVC China Licensing, Inc.(fka AI 2, Inc.)	DE
QVC China, Inc.	DE
QVC Delaware LLC (fka QVC Delaware, Inc.)	DE
QVC Deutschland GP, Inc.	DE
QVC eDistribution LLC & Co. KG (fka QVC eDistribution Inc. & Co. KG)	Germany
QVC eService LLC & Co. KG (fka QVC eService Inc. & Co. KG)	Germany
QVC France Holdings, S.à r.l. (fka QVC Brazil Holdings I, S.à r.l.)	Luxembourg
QVC France SAS	France
QVC Germany I S.à r.l. (fka QVC Germany I, Inc.; QVC Germany I LLC)	Luxembourg
QVC Germany II S.à r.l. (fka QVC Germany II, Inc.; QVC German II LLC)	Luxembourg
QVC Global DDGS, Inc.	DE
QVC Global Holdings I, Inc.	DE
QVC Global Holdings II, Inc.	DE

QVC Grundstücksverwaltungs GmbH	Germany
QVC Handel S.à r.l. & Co. KG (fka QVC International Management LLC & Co. KG; QVC Handel LLC & Co. KG)	Germany
QVC HK Holdings, LLC	DE
QVC Iberia, S.L.	Spain
QVC India, Ltd.	DE
QVC Information and Technologies (Shenzhen) Co., Ltd	China
QVC International Holdings S.à r.l.	Luxembourg
QVC International SCS (fka QVC International LLC; QVC International, Inc.; QVC International Ltd.)	Luxembourg
QVC International Management GP S.à r.l. (fka QVC International Management GP LLC)	Luxembourg
QVC Italia S.r.l.	Italy
QVC Italy Holdings, LLC	DE
QVC Japan Services, LLC (fka QVC Japan Services, Inc.)	DE
QVC Japan, Inc.	Japan
QVC Northeast LLC	DE
QVC Ontario Holdings, LLC	DE
QVC Ontario, LLC	DE
QVC Poland Global Services sp. z o.o.	Poland
QVC Realty, LLC	PA
QVC Rocky Mount, Inc.	NC
QVC RS Naples, Inc.	FL
QVC San Antonio, LLC (fka QVC San Antonio, Inc.)	TX
QVC Satellite, Inc.	Japan
QVC (Shanghai) Management Co., Ltd	China

QVC Shop International, Inc. (fka EZShop International, Inc.)	DE
QVC St. Lucie, Inc.	FL
QVC STT Holdings, LLC	DE
QVC Suisse Finance GmbH	Switzerland
QVC Suisse Holdings GmbH	Switzerland
QVC Suffolk, LLC (fka QVC Suffolk, Inc.; CVN Distribution Co., Inc.; C.O.M.B. Distribution Co.)	VA
QVC Trading (Shanghai) Co., Ltd.	China
QVC Trading (Shenzhen) Co., Ltd.	China
QVC UK (formerly QVC)	England-Wales
QVC UK Holdings Limited	England-Wales
QVC Vendor Development, Inc.	DE
QVC, Inc.	DE
RCM6, LLC	CO
RQ Holdings Corp	Nova Scotia
RS Marks, Inc.	DE
RS Mebane, Inc.	NC
RS Myrtle Beach, Inc.	SC
Savor North Carolina, Inc.	NC
Send the Trend, Inc.	DE
The Cornerstone Brands Group, Inc.	DE
The Cornerstone Holdings Group, Inc.	DE
TOBH, Inc.	DE
Triple Z Logistics, Inc.	DE
Ventana Television Holdings, Inc.	DE

Ventana Television, Inc.	DE
zulily Australia Pty, Ltd.	Australia
zulily Canada, Inc.	Britsh Columbia
zulily Hong Kong Limited	Hong Kong
zulily (Shenzhen) Commercial Consulting Co., Ltd.	China
zulily Ireland Limited	Ireland
zulily UK Ltd.	UK
Zulily, LLC (fka Ziggy Merger Sub, LLC and zulily, Inc.)	DE

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Qurate Retail, Inc.:

We consent to the incorporation by reference in the following registration statements of Qurate Retail, Inc. of our reports dated February 26, 2020, with respect to the consolidated balance sheets of Qurate Retail, Inc. and subsidiaries as of December 31, 2019 and 2018, 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, 2019, and the related notes, and the effectiveness of internal control over financial reporting as of December 31, 2019, which reports appear in the December 31, 2019 annual report on Form 10-K of Qurate Retail, Inc.

Our report dated February 26, 2020, on the consolidated financial statements, refers to changes in the method of accounting for leases and revenue.

Our report dated February 26, 2020, on the effectiveness of internal control over financial reporting as of December 31, 2019, expresses our opinion that Qurate Retail, Inc. and subsidiaries did not maintain effective internal control over financial reporting as of December 31, 2019 because of the effect of a material weakness on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states the following material weakness has been identified and included in management's assessment:

> Information technology general controls (ITGCs) in the Company's German subsidiary were not consistently designed and operating effectively to ensure access to certain financially significant applications and data was adequately restricted to appropriate personnel. Business process controls (automated and manual) that are dependent on the affected ITGCs were also deemed ineffective because they could have been adversely impacted.

Description	Registration Statement No.	Description
S-8	333-134114	Liberty Interactive Corporation 2002 Nonemployee Director Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended
S-8	333-134115	Liberty Interactive Corporation 2000 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended
S-8	333-142626	Qurate Retail, Inc. 2007 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended
S-8	333-171192	Liberty Interactive Corporation 2000 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended
S-8	333-171193	Qurate Retail, Inc. 2007 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended
S-8	333-172512	Qurate Retail, Inc. 2007 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended
S-8	333-176989	Liberty Media 401(k) Savings Plan
S-8	333-177840	Qurate Retail, Inc. 2011 Nonemployee Director Incentive Plan (As Amended and Restated as of December 17, 2015), as amended
S-8	333-177841	Qurate Retail, Inc. 2010 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended
S-8	333-177842	Qurate Retail, Inc. 2007 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended
S-8	333-184901	Qurate Retail, Inc. 2012 Incentive Plan (As Amended and Restated as of March 31, 2015), as amended

S-8	333-184904	Qurate Retail, Inc. 2011 Nonemployee Director Incentive Plan (As Amended and Restated as of December 17, 2015), as amended
S-8	333-184902	Qurate Retail, Inc. 2010 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended
S-8	333-201010	Qurate Retail, Inc. 2010 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended
S-8	333-202436	Qurate Retail, Inc. 2012 Incentive Plan (As Amended and Restated as of March 31, 2015), as amended
S-8	333-207326	zulily, inc. 2009 Equity Incentive Plan and zulily, inc. 2013 Equity Plan
S-8	333-209872	Qurate Retail, Inc. 2012 Incentive Plan (As Amended and Restated as of March 31, 2015), as amended
S-8	333-210662	Qurate Retail, Inc. 2012 Incentive Plan (As Amended and Restated as of March 31, 2015), as amended
S-8	333-214681	Qurate Retail, Inc. 2016 Omnibus Incentive Plan, as amended
S-8	333-222062	Qurate Retail, Inc. 2016 Omnibus Incentive Plan, as amended
S-8	333-222344	HSN, Inc. Second Amended and Restated 2008 Stock and Annual Incentive Plan and HSN, Inc. 2017 Omnibus Incentive Plan
S-8	333-229974	Qurate Retail, Inc. 2016 Omnibus Incentive Plan, as amended
S-8	333-235370	Qurate Retail, Inc. 2016 Omnibus Incentive Plan, as amended

/s/ KPMG LLP

Denver, Colorado
February 26, 2020

Exhibit 31.1

CERTIFICATION

I, Michael A. George, certify that:

1. I have reviewed this annual report on Form 10-K of Qurate Retail, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements and other financial information included in this annual report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and

d) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2020

/s/ MICHAEL A. GEORGE

Michael A. George
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Brian J. Wendling, certify that:

1. I have reviewed this annual report on Form 10-K of Qurate Retail, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements and other financial information included in this annual report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and

d) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2020

/s/ BRIAN J. WENDLING

Brian J. Wendling
Chief Accounting Officer and Principal Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Qurate Retail, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the year ended December 31, 2019 (the "Form 10-K") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2020	/s/ MICHAEL A. GEORGE
	Michael A. George *President and Chief Executive Officer*
Date: February 26, 2020	/s/ BRIAN J. WENDLING
	Brian J. Wendling *Chief Accounting Officer and Principal Financial Officer* *(Principal Financial Officer and Principal Accounting Officer)*

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.

Exhibit 99. 1

Qurate Retail, Inc.
Reconciliation of Qurate Retail, Inc. ("Qurate Retail") Net Assets and
Net Earnings to Liberty Interactive LLC ("Liberty LLC") Net Assets and Net Earnings

December 31, 2019

(unaudited)

amounts in millions

Qurate Retail Net Assets	$	4,972
Reconciling items:		
Zulily, LLC ("Zulily") net assets		(586)
Cornerstone Brands, Inc. ("Cornerstone") net assets (1)		(238)
Equity investment in Cornerstone held by Liberty LLC (1)		29
Tax sharing agreement with GCI Liberty, Inc.		85
Liberty LLC Net Assets	$	4,262
Qurate Retail Net Earnings	$	(405)
Reconciling items:		
Zulily net (earnings) loss		944
Cornerstone net (earnings) loss (1)		5
Cornerstone equity method investment share of earnings (loss)		(2)
GCI Liberty, Inc. tax sharing expense		26
Liberty LLC Net Earnings	$	568

(1) On December 29, 2017, Qurate Retail acquired the approximate remaining 62% of HSN, Inc. (which includes its televised shopping business "HSN" and its catalog retail business "Cornerstone") it did not already own. On December 31, 2018, Qurate Retail transferred their 100% ownership interest in HSN to QVC, Inc. through a transaction amongst entities under common control and based on the guidance for accounting for transactions amongst entities under common control HSN's results have been excluded for the entire period. Liberty LLC continues to hold 38% of Cornerstone and accounts for its ownership in Cornerstone as an equity method investment.