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

FORM 10-Q

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

For the quarterly period ended June 30, 2021

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 each exchange on which registered
Series A common stock	QRTEA	The Nasdaq Stock Market LLC
Series B common stock	QRTEB	The Nasdaq Stock Market LLC
8.0% Series A Cumulative Redeemable Preferred Stock	QRTEP	The Nasdaq Stock Market LLC

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 number of outstanding shares of Qurate Retail, Inc.'s common stock as of July 31, 2021 was:

Series A common stock	399,082,098
Series B common stock	8,177,190

Table of Contents

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(unaudited)

	June 30, 2021	December 31, 2020
	amounts in millions	
Assets		
Current assets:		
Cash and cash equivalents	$ 950	806
Trade and other receivables, net of allowance for doubtful accounts of $103 million and $132 million, respectively	1,199	1,640
Inventory, net	1,428	1,301
Indemnification agreement receivable	385	345
Other current assets	465	473
Total current assets	4,427	4,565
Property and equipment, net	1,205	1,300
Intangible assets not subject to amortization (note 5):		
Goodwill	6,607	6,638
Trademarks	3,168	3,168
	9,775	9,806
Intangible assets subject to amortization, net (note 5)	848	779
Other assets, at cost, net of accumulated amortization	651	549
Total assets	$ 16,906	16,999

(continued)

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Continued)

(unaudited)

	June 30, 2021	December 31, 2020
	amounts in millions, except share amounts	
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 1,156	1,305
Accrued liabilities	1,123	1,418
Current portion of debt, including $1,922 million and $1,750 million measured at fair value (note 6)	1,922	1,750
Other current liabilities	201	231
Total current liabilities	4,402	4,704
Long-term debt (note 6)	5,266	5,186
Deferred income tax liabilities	1,344	1,359
Preferred stock (note 7)	1,260	1,249
Other liabilities	722	768
Total liabilities	12,994	13,266
Equity		
Stockholders' equity:		
Series A common stock, $.01 par value. Authorized 4,000,000,000 shares; issued and outstanding 402,484,679 shares at June 30, 2021 and 382,165,550 shares at December 31, 2020	4	4
Series B common stock, $.01 par value. Authorized 150,000,000 shares; issued and outstanding 8,177,190 shares at June 30, 2021 and 29,366,492 shares at December 31, 2020	—	—
Series C common stock, $.01 par value. Authorized 400,000,000 shares; no shares issued	—	—
Additional paid-in capital	—	—
Accumulated other comprehensive earnings (loss), net of taxes	(20)	72
Retained earnings	3,787	3,522
Total stockholders' equity	3,771	3,598
Noncontrolling interests in equity of subsidiaries	141	135
Total equity	3,912	3,733
Commitments and contingencies (note 9)		
Total liabilities and equity	$ 16,906	16,999

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	amounts in millions, except per share amounts			
Total revenue, net	$ 3,504	3,422	6,841	6,342
Operating costs and expenses:				
Cost of retail sales (exclusive of depreciation shown separately below)	2,240	2,217	4,435	4,150
Operating expense	217	209	423	402
Selling, general and administrative, including stock-based compensation (note 2)	485	447	920	868
Depreciation and amortization	129	144	257	286
	3,071	3,017	6,035	5,706
Operating income (loss)	433	405	806	636
Other income (expense):				
Interest expense	(118)	(95)	(235)	(192)
Share of earnings (losses) of affiliates, net	(22)	(28)	(54)	(64)
Realized and unrealized gains (losses) on financial instruments, net (note 4)	19	23	60	(115)
Other, net	(23)	(12)	(10)	1
	(144)	(112)	(239)	(370)
Earnings (loss) before income taxes	289	293	567	266
Income tax (expense) benefit	(39)	(59)	(93)	(41)
Net earnings (loss)	250	234	474	225
Less net earnings (loss) attributable to the noncontrolling interests	28	14	46	25
Net earnings (loss) attributable to Qurate Retail, Inc. shareholders	$ 222	220	428	200
Basic net earnings (loss) attributable to Series A and Series B Qurate Retail, Inc. shareholders per common share (note 3):	$ 0.54	0.53	1.04	0.48
Diluted net earnings (loss) attributable to Series A and Series B Qurate Retail, Inc. shareholders per common share (note 3):	$ 0.52	0.53	1.01	0.48

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Earnings (Loss)

(unaudited)

	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
	amounts in millions			
Net earnings (loss)	$ 250	234	474	225
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	9	18	(64)	(4)
Recognition of previously unrealized losses (gains) on debt, net	—	—	—	(1)
Comprehensive earnings (loss) attributable to debt credit risk adjustments	19	(68)	(37)	99
Other comprehensive earnings (loss)	28	(50)	(101)	94
Comprehensive earnings (loss)	278	184	373	319
Less comprehensive earnings (loss) attributable to the noncontrolling interests	28	15	37	27
Comprehensive earnings (loss) attributable to Qurate Retail, Inc. shareholders	$ 250	169	336	292

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(unaudited)

	Six months ended June 30, 2021	Six months ended June 30, 2020
	amounts in millions	
Cash flows from operating activities:		
Net earnings (loss)	$ 474	225
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	257	286
Stock-based compensation	35	27
Share of (earnings) losses of affiliates, net	54	64
Realized and unrealized (gains) losses on financial instruments, net	(60)	115
Deferred income tax expense (benefit)	(10)	1
Other, net	7	4
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	429	531
Decrease (increase) in inventory	(133)	108
Decrease (increase) in prepaid expenses and other assets	64	37
(Decrease) increase in trade accounts payable	(136)	(152)
(Decrease) increase in accrued and other liabilities	(279)	(48)
Net cash provided (used) by operating activities	702	1,198
Cash flows from investing activities:		
Investments in and loans to cost and equity investees	(139)	(55)
Capital expenditures	(110)	(108)
Expenditures for television distribution rights	(170)	(10)
Cash proceeds from dispositions of investments	2	—
Proceeds from sale of fixed assets	40	—
Other investing activities, net	(2)	7
Net cash provided (used) by investing activities	(379)	(166)
Cash flows from financing activities:		
Borrowings of debt	302	753
Repayments of debt	(230)	(1,477)
Repurchases of Qurate Retail common stock	(105)	—
Withholding taxes on net settlements of stock-based compensation	(24)	(2)
Derivative payments to counterparties	(81)	—
Derivative proceeds from counterparties	24	—
Dividends paid to noncontrolling interest	(31)	(30)
Dividends paid to common shareholders	(13)	—
Other financing activities, net	(6)	2
Net cash provided (used) by financing activities	(164)	(754)
Effect of foreign currency exchange rates on cash, cash equivalents and restricted cash	(15)	(3)
Net increase (decrease) in cash, cash equivalents and restricted cash	144	275
Cash, cash equivalents and restricted cash at beginning of period	814	681
Cash, cash equivalents and restricted cash at end of period	$ 958	956

The following table reconciles cash, cash equivalents and restricted cash reported in our condensed consolidated balance sheets to the total amount presented in our condensed consolidated statements of cash flows:

	June 30, 2021	December 31, 2020
	in millions	
Cash and cash equivalents	$ 950	806
Restricted cash included in other current assets	8	8
Total cash, cash equivalents and restricted cash in the condensed consolidated statement of cash flows	$ 958	814

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Equity

(unaudited)

	Stockholders' Equity							
	Preferred stock	Common stock Series A	Common stock Series B	Additional paid-in capital	Accumulated other comprehensive earnings (loss)	Retained earnings	Noncontrolling interest in equity of subsidiaries	Total equity
	amounts in millions							
Balance at January 1, 2021	$ —	4	—	—	72	3,522	135	3,733
Net earnings (loss)	—	—	—	—	—	428	46	474
Other comprehensive earnings (loss)	—	—	—	—	(92)	—	(9)	(101)
Stock compensation	—	—	—	33	—	—	—	33
Series A Qurate Retail stock repurchases	—	—	—	(105)	—	—	—	(105)
Distribution to noncontrolling interest	—	—	—	—	—	—	(31)	(31)
Withholding taxes on net share settlements of stock-based compensation	—	—	—	(24)	—	—	—	(24)
Other	—	—	—	(70)	—	3	—	(67)
Reclassification	—	—	—	166	—	(166)	—	—
Balance at June 30, 2021	$ —	4	—	—	(20)	3,787	141	3,912

	Stockholders' Equity							
	Preferred stock	Common stock Series A	Common stock Series B	Additional paid-in capital	Accumulated other comprehensive earnings (loss)	Retained earnings	Noncontrolling interest in equity of subsidiaries	Total equity
	amounts in millions							
Balance at March 31, 2021	$ —	4	—	—	(48)	3,680	128	3,764
Net earnings (loss)	—	—	—	—	—	222	28	250
Other comprehensive earnings (loss)	—	—	—	—	28	—	—	28
Stock compensation	—	—	—	18	—	—	—	18
Series A Qurate Retail stock repurchases	—	—	—	(64)	—	—	—	(64)
Distribution to noncontrolling interest	—	—	—	—	—	—	(15)	(15)
Withholding taxes on net share settlements of stock-based compensation	—	—	—	(3)	—	—	—	(3)
Other	—	—	—	(68)	—	2	—	(66)
Reclassification	—	—	—	117	—	(117)	—	—
Balance at June 30, 2021	$ —	4	—	—	(20)	3,787	141	3,912

	Stockholders' Equity							Noncontrolling interest in equity of subsidiaries	Total equity
	Preferred stock	Common stock		Additional paid-in capital	Accumulated other comprehensive earnings (loss)	Retained earnings			
		Series A	Series B						
	amounts in millions								
Balance at January 1, 2020	$ —	4	—	—	(55)	4,891		132	4,972
Net earnings (loss)	—	—	—	—	—	200		25	225
Other comprehensive earnings (loss)	—	—	—	—	92	—		2	94
Stock compensation	—	—	—	27	—	—		—	27
Distribution to noncontrolling interest	—	—	—	—	—	—		(30)	(30)
Other	—	—	—	(2)	—	—		—	(2)
Balance at June 30, 2020	$ —	4	—	25	37	5,091		129	5,286

	Stockholders' Equity						Accumulated Noncontrolling interest in equity of subsidiaries	Total equity
	Preferred stock	Common stock Qurate Retail		Additional paid-in capital	other comprehensive earnings (loss)	Retained earnings		
		Series A	Series B					
	amounts in millions							
Balance at March 31, 2020	$ —	4	—	9	88	4,871	129	5,101
Net earnings (loss)	—	—	—	—	—	220	14	234
Other comprehensive income (loss)	—	—	—	—	(51)	—	1	(50)
Stock compensation	—	—	—	16	—	—	—	16
Distribution to noncontrolling interest	—	—	—	—	—	—	(15)	(15)
Balance at June 30, 2020	$ —	4	—	25	37	5,091	129	5,286

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(1) Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of Qurate Retail, Inc. and its controlled subsidiaries (collectively, "Qurate Retail," the "Company," “Consolidated Qurate Retail,” “us,” “we,” or “our” unless the context otherwise requires). All significant intercompany accounts and transactions have been eliminated in consolidation. Qurate Retail is made up of wholly-owned subsidiaries QVC, Inc. (“QVC”), which includes HSN, Inc. (“HSN”), Cornerstone Brands, Inc. (“Cornerstone”), Zulily, LLC (“Zulily”), and other cost and equity method investments.

Qurate Retail is primarily engaged in the video and online commerce industries in North America, Europe and Asia. The businesses of the Company’s wholly-owned subsidiaries, QVC, Cornerstone and Zulily, are seasonal due to a higher volume of sales in the fourth calendar quarter related to year-end holiday shopping.

The accompanying (a) condensed consolidated balance sheet as of December 31, 2020, which has been derived from audited financial statements, and (b) the interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for such periods have been included. Additionally, certain prior period amounts have been reclassified for comparability with current period presentation. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in Qurate Retail's Annual Report on Form 10-K for the year ended December 31, 2020 (the “2020 10-K”).

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) fair value measurements, (ii) accounting for income taxes, and (iii) estimates of retail-related adjustments and allowances to be its most significant estimates.

In December 2019, a new coronavirus (“COVID-19”) was reported to have surfaced in Wuhan, China and has subsequently spread across the globe causing a global pandemic, impacting all countries where Qurate Retail operates. As a result of the spread of COVID-19, certain local governmental agencies have imposed travel restrictions, local quarantines or stay at home restrictions to contain the spread, which has caused a significant disruption to most sectors of the economy.

Management is not presently aware of any events or circumstances arising from COVID-19 that would require the Company to update the estimates, judgments or revise the carrying value of our assets or liabilities. Management's estimates may change, however, as new events occur and additional information is obtained, and any such changes will be recognized in the consolidated financial statements. Actual results could differ from estimates, and any such differences may be material to our financial statements.

As a result of repurchases of Series A Qurate Retail common stock (“QRTEA”), the Company’s additional paid-in capital balance was in a deficit position as of June 30, 2021. In order to ensure that the additional paid-in capital account is not negative, we reclassified the amount of the deficit ($166 million) at June 30, 2021 to retained earnings.

Qurate Retail has entered into certain agreements with Liberty Media Corporation ("LMC") (for accounting purposes, a related party of the Company), a separate publicly traded company. These agreements include a reorganization agreement, services agreement and facilities sharing agreement. As a result of certain corporate transactions, LMC and Qurate Retail may have obligations to each other for certain tax related matters. Neither Qurate Retail nor LMC has any stock ownership, beneficial or otherwise, in the other. In connection with a split-off transaction that occurred in the first quarter of 2018 (the “GCI Liberty Split-Off”), Qurate Retail and GCI Liberty, Inc. (“GCI Liberty”) entered into a tax sharing agreement. Pursuant to the tax sharing agreement, GCI Liberty 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). Following a merger between Liberty Broadband Corporation ("Liberty Broadband") and GCI Liberty, Liberty Broadband (for accounting purposes, a related party of the Company)has assumed the tax sharing agreement.

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., and 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 17% for the Company.

The reorganization agreement with LMC provides for, among other things, provisions governing the relationship between Qurate Retail and LMC, including certain cross-indemnities. Pursuant to the services agreement, LMC provides Qurate Retail with certain general and administrative services including legal, tax, accounting, treasury and investor relations support. 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, LMC shares office space and related amenities at its corporate headquarters with Qurate Retail. Under these various agreements, approximately $3 million and $2 million was reimbursable to LMC for the three months ended June 30, 2021 and 2020, respectively, and $6 million and $5 million was reimbursable to LMC for the six months ended June 30, 2021 and 2020, respectively. Qurate Retail had a tax sharing payable to LMC and Liberty Broadband in the amount of approximately $119 million and $129 million as of June 30, 2021 and December 31, 2020, respectively, included in Other liabilities in the condensed consolidated balance sheets.

(2) Stock-Based Compensation

The Company has granted to certain of its directors, employees and employees of its subsidiaries, restricted stock ("RSAs"), restricted stock units ("RSUs") and options to purchase shares of the Company's common stock (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an equity classified Award (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 a liability classified Award based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date.

Included in selling, general and administrative expenses in the accompanying condensed consolidated statements of operations are $19 million and $16 million of stock-based compensation during the three months ended June 30, 2021 and 2020, respectively, and $35 million and $27 million of stock-based compensation during the six months ended June 30, 2021 and 2020, respectively.

The following table presents the number and weighted average GDFV of options granted by the Company during the six months ended June 30, 2021:

	Six months ended June 30, 2021	
	Options Granted (000's)	Weighted Average GDFV
Series A Qurate Retail common stock, QVC and HSN employees (1)	895	$ 6.75
Series A Qurate Retail common stock, Zulily employees (1)	79	$ 6.74
Series A Qurate Retail common stock, Qurate Retail employees (2)	63	$ 6.18

(1) Grants vest semi-annually over four years.

(2) Grants vest between two and three years.

During the six months ended June 30, 2021, Qurate Retail granted to employees and directors4.7 million RSUs of QRTEA, which RSUs have a GDFV of $12.93 per share and generally vest annually over four years. In connection with our Chairman’s employment agreement, during the six months ended June 30, 2021, Qurate Retail granted 229 thousand performance-based RSUs of QRTEA to our Chairman. The Series A RSUs had a GDFV of $ 12.90 per share at the time they were granted and will cliff vestone year from the month of grant, subject to the satisfaction of certain performance objectives. As a result of the Letter Agreement discussed in Note 8, during the six months ended June 30, 2021, Qurate Retail granted 1.1 million time-based RSAs of Series B Qurate Retail common stock (“QRTEB”) to our Chairman, which RSAs have a GDFV of $13.65 per share and vest in two equal tranches on December 10, 2024 and June 3, 2026, subject to earlier vesting under certain circumstances. During the six months ended June 30, 2021, Qurate Retail also granted 423 thousand performance-based RSUs and 423 thousand time-based RSUs of QRTEA to our chief executive officer (“CEO”). Both the performance-based and time-based Series A RSUs had a GDFV of $12.90 per share at the time they were granted. The time-based RSUs vest on December 10, 2021, and the performance-based RSUs will cliff vest one year from the month of grant, subject to the satisfaction of certain performance objectives. Performance objectives, which are subjective, are considered in determining the timing and amount of compensation expense recognized. When the satisfaction of the performance objectives becomes probable, the Company records compensation expense. The probability of satisfying the performance objectives is assessed at the end of each reporting period.

The Company has calculated the GDFV for all of its equity classified Awards and any subsequent remeasurement of its liability classified Awards using the Black-Scholes-Merton Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. The volatility used in the calculation for Awards is based on the historical volatility of Qurate Retail's stock 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.

Qurate Retail—Outstanding Awards

The following tables present the number and weighted average exercise price ("WAEP") of the 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.

	Series A (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2021	40,553	$ 10.61		
Granted	1,037	$ 12.92		
Exercised	(1,919)	$ 6.26		
Forfeited/Cancelled	(2,683)	$ 12.89		
Outstanding at June 30, 2021	36,988	$ 10.73	3.8 years	$ 129
Exercisable at June 30, 2021	21,354	$ 14.07	2.6 years	$ 19

	Series B (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2021	3,243	$ 15.39		
Granted	—	$ —		
Exercised	—	$ —		
Forfeited/Cancelled	(1,335)	$ 16.93		
Outstanding at June 30, 2021	1,908	$ 14.31	2.3 years	$ —
Exercisable at June 30, 2021	1,908	$ 14.31	2.3 years	$ —

As of June 30, 2021, Qurate Retail had 13.0 million QRTEA RSUs and 1.1 million QRTEB RSAs outstanding with a weighted average GDFV of $9.77 and $13.65 per share, respectively.

As of June 30, 2021, the total unrecognized compensation cost related to unvested Awards was approximately $139 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 2.3 years.

As of June 30, 2021, Qurate Retail reserved for issuance upon exercise of outstanding stock options approximately 37.0 million shares of QRTEA and 1.9 million shares of QRTEB common stock.

(3) Earnings (Loss) Per Common Share

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) 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. Potentially dilutive shares are excluded from the computation of diluted EPS during periods in which losses are reported since the result would be antidilutive.

Excluded from diluted EPS for both of the three months ended June 30, 2021 and 2020 are 22 million potential common shares, because their inclusion would have been antidilutive. Excluded from diluted EPS for both of the six months ended June 30, 2021 and 2020 are 22 million potential common shares, because their inclusion would have been antidilutive.

	Qurate Retail Common Stock			
	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	number of shares in millions			
Basic WASO	410	417	410	416
Potentially dilutive shares	13	1	13	2
Diluted WASO	423	418	423	418

(4) 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 are inputs, other than quoted market prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

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

	Fair Value Measurements at June 30, 2021			Fair Value Measurements at December 31, 2020		
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	$ 383	383	—	290	290	—
Indemnification asset	$ 385	—	385	345	—	345
Financial instrument asset	$ 107	—	107	23	—	23
Debt	$ 1,922	—	1,922	1,750	—	1,750

The majority of the Company's Level 2 financial assets and liabilities are primarily debt instruments and derivative instruments with quoted market prices that are not considered to be traded on "active markets," as defined in GAAP. The fair values for such instruments are derived from a typical model using observable market data as the significant inputs.

The indemnification asset relates to Liberty Broadband's agreement to indemnify Liberty Interactive LLC ("LI LLC") and pertains to the ability of holders of LI LLC's 1.75% exchangeable debentures due 2046 (the "1.75% Exchangeable Debentures") to exercise their 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 condensed consolidated balance sheets as of June 30, 2021 represents the fair value of the estimated exchange feature included in the 1.75% Exchangeable Debentures primarily based on market observable inputs (Level 2). As of June 30, 2021, a holder of the1.75% Exchangeable Debentures has the ability to exchange and, accordingly, such indemnification asset is included as a current asset in our condensed consolidated balance sheet as of that date.

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:

	Three months ended June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
		amounts in millions		
Equity securities	43	—	50	(4)
Exchangeable senior debentures	(179)	(30)	(133)	(80)
Indemnification asset	93	35	41	13
Other financial instruments	62	18	102	(44)
	$ 19	23	60	(115)

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

The Company has elected to account for its exchangeable debt using the fair value option. Changes in the fair value of the exchangeable senior debentures recognized in the condensed consolidated statement of operations are primarily due to market factors primarily driven by changes in the fair value of the underlying shares into which the debt is exchangeable. The Company isolates the portion of the unrealized gain (loss) attributable to the change in the instrument specific credit risk and recognizes such amount in other comprehensive earnings (loss). The change in the fair value of the exchangeable senior debentures attributable to changes in the instrument specific credit risk was a gain of $24 million and a loss of $90 million for the three months ended June 30, 2021 and 2020, respectively, and a loss of $44 million and a gain of $129 million for the six months ended June 30, 2021 and 2020, respectively. The cumulative change was a gain of $149 million as of June 30, 2021.

(5) Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

	QxH	QVC Int'l	Zulily	Corporate and Other	Total
		amounts in millions			
Balance at January 1, 2021	$ 5,228	921	477	12	6,638
Foreign currency translation adjustments	—	(31)	—	—	(31)
Balance at June 30, 2021	$ 5,228	890	477	12	6,607

Intangible Assets Subject to Amortization

Amortization expense for intangible assets with finite useful lives was $85 million and $94 million for the three months ended June 30, 2021 and 2020, respectively, and $167 million and $185 million for the six months ended June 30, 2021 and 2020, respectively. Based on its amortizable intangible assets as of June 30, 2021, Qurate Retail expects that amortization expense will be as follows for the next five years (amounts in millions):

Remainder of 2021	$ 198
2022	$ 287
2023	$ 158
2024	$ 91
2025	$ 51

(6) Long-Term Debt

Debt is summarized as follows:

	Outstanding principal at June 30, 2021	Carrying value June 30, 2021	Carrying value December 31, 2020
		amounts in millions	
Corporate level debentures			
8.5% Senior Debentures due 2029	$ 287	285	285
8.25% Senior Debentures due 2030	505	502	502
4% Exchangeable Senior Debentures due 2029	429	361	362
3.75% Exchangeable Senior Debentures due 2030	432	349	346
1.75% Exchangeable Senior Debentures due 2046	332	705	649
Subsidiary level notes and facilities			
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 4.75% Senior Secured Notes due 2027	575	575	575
QVC 4.375% Senior Secured Notes due 2028	500	500	500
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	500
3.5% Exchangeable Senior Debentures due 2031	214	507	393
QVC Bank Credit Facilities	77	77	—
Deferred loan costs	—	(46)	(49)
Total consolidated Qurate Retail debt	$ 6,726	7,188	6,936
Less current classification		(1,922)	(1,750)
Total long-term debt		$ 5,266	5,186

QVC Bank Credit Facilities

On December 31, 2018, QVC entered into the Fourth Amended and Restated Credit Agreement with Zulily as co-borrower (collectively, the "Borrowers") which is a multi-currency facility that provides for a $2.95 billion 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 $2.55 billion 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 rate 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.

During the six months ended June 30, 2021, Zulily borrowed $77 million under the Fourth Amended and Restated Credit Agreement, and the interest rate was 1.6% at June 30, 2021. Availability under the Fourth Amended and Restated Credit Agreement at June 30, 2021 was $2,851 million, including the portion available under the $400 million tranche that Zulily may also borrow on.

Exchangeable Senior Debentures

The Company has elected to account for its exchangeable senior debentures 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. See note 4 for information related to unrealized gains (losses) on debt measured at fair value. As of June 30, 2021 the Company's exchangeable debentures have been classified as current because the Company does not own shares to redeem the debentures or they are currently redeemable. The Company reviews the terms of the debentures on a quarterly basis to determine whether a triggering event has occurred to require current classification of the exchangeables upon a call event. Although we do not own shares underlying certain of the exchangeable senior debentures, the Company has entered into certain derivative transactions in order to hedge against upward price fluctuations on certain shares. Such derivative instruments are recognized in the other current assets line item in the condensed consolidated balance sheets, and are marked to fair value each reporting period. The changes in fair value are recognized in the realized and unrealized gains (losses) on financial instruments, net line item in the condensed statement of operations.

Debt Covenants

Qurate Retail and its subsidiaries are in compliance with all debt covenants at June 30, 2021.

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 QVC 6.375% Senior Secured Notes due 2067 ("2067 Notes") and the QVC 6.25% Senior Secured Notes Due 2068 ("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 of Qurate Retail's publicly traded debt securities that are not reported at fair value in the accompanying condensed consolidated balance sheet at June 30, 2021 are as follows (amounts in millions):

Senior debentures	$	908
QVC senior secured notes	$	4,708

Due to the variable rate nature, Qurate Retail believes that the carrying amount of its other debt, not discussed above, approximated fair value at June 30, 2021.

(7) Preferred Stock

On September 14, 2020, Qurate Retail issued its8.0% Series A Cumulative Redeemable Preferred Stock, par value $0.01 per share (the "Preferred Stock"). There were 13,500,000 shares of Preferred Stock authorized and 12,619,560 shares of Preferred Stock issued and outstanding at June 30, 2021.

Priority. The Preferred Stock ranks senior to the shares of common stock of Qurate Retail, with respect to dividend rights, rights of redemption and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of Qurate Retail's affairs. Shares of Preferred Stock are not convertible into shares of common stock of Qurate Retail.

Dividends. Holders of the Preferred Stock are entitled to receive quarterly cash dividends at a rate of8.0% per annum of the liquidation price (as described below) on a cumulative basis, during the term. If declared, accrued dividends will be payable quarterly on each dividend payment date, beginning December 15, 2020 and thereafter on each March 15, June 15, September 15, and December 15 during the term (or, if such date is not a business day, the next business day after such date). If Qurate Retail fails to pay dividends or the applicable redemption price with respect to any redemption within 30 days after the applicable dividend payment or redemption date, the dividend rate will increase as provided by the Certificate of Designations for the Preferred Stock (the "Certificate of Designations"). Accrued dividends that are not paid within 30 days after the applicable dividend payment date will be added to the liquidation price until paid together with all dividends accrued thereon.

The ability of Qurate Retail to declare or pay any dividend on, or purchase, redeem, or otherwise acquire, any of its common stock or any other stock ranking on parity with the Preferred Stock will be subject to restrictions if Qurate Retail does not pay all dividends and all redemption payments on the Preferred Stock, subject to certain exceptions as set forth in the Certificate of Designations.

Distributions upon Liquidation, Dissolution or Winding Up. Upon Qurate Retail's liquidation, winding-up or dissolution, each holder of shares of the Preferred Stock will be entitled to receive, before any distribution is made to the holders of Qurate Retail common stock, an amount equal to the liquidation price plus all unpaid dividends (whether or not declared) accrued from the immediately preceding dividend payment date, subject to the prior payment of liabilities owed to Qurate Retail's creditors and the preferential amounts to which any stock senior to the Preferred Stock is entitled. The Preferred Stock has a liquidation price equal to the sum of (i)$100, plus (ii) all accrued and unpaid dividends (whether or not declared) that have been added to the liquidation price.

Mandatory and Optional Redemption. The Preferred Stock is subject to mandatory redemption on March 15, 2031at the liquidation price plus all unpaid dividends (whether or not declared) accrued from the most recent dividend payment date. On or after the fifth anniversary of September 14, 2020 (the "Original Issue Date"), Qurate Retail may redeem all or a portion of the outstanding shares of Preferred Stock, at the liquidation price plus all unpaid dividends (whether or not declared) accrued from the most recent dividend payment date plus, if the redemption is (x) on or after the fifth anniversary of the Original Issue Date but prior to its sixth anniversary, 4.00% of the liquidation price, (y) on or after the sixth anniversary of the Original Issue Date but prior to its seventh anniversary, 2.00% of the liquidation price and (z) on or after the seventh anniversary of the Original Issue Date, zero. Both mandatory and optional redemptions must be paid in cash.

Voting Power. Holders of the Preferred Stock will not have any voting rights or powers, except as specified in the Certificate of Designations or as required by Delaware law.

Preferred Stock Directors. So long as the aggregate liquidation price of the outstanding shares of Preferred Stock exceeds25% of the aggregate liquidation price of the shares of Preferred Stock issued on the Original Issue Date, holders of Preferred Stock will have certain director election rights as described in the Certificate of Designations whenever dividends on shares of Preferred Stock have not been declared and paid for two consecutive dividend periods and whenever Qurate Retail fails to pay the applicable redemption price in full with respect to any redemption of the Preferred Stock or fails to make a payment with respect to the Preferred Stock in connection with a liquidation or Extraordinary Transactions (as defined in the Certificate of Designations).

Recognition. As the Preferred Stock is subject to unconditional mandatory redemption in cash and was issued in the form of a share, the Company concluded the Preferred Stock was a mandatorily redeemable financial instrument and should be classified as a liability in the condensed consolidated balance sheets. The Preferred Stock was initially recorded at its fair value, which was determined to be the liquidation preference of $100 per share. Given the liability classification of the Preferred Stock, all dividends accrued will be classified as interest expense in the condensed consolidated statements of operations.

(8) Related Party Transactions with Officers and Directors

Malone Stock Exchange and Maffei Arrangements

On May 18, 2021, Gregory B. Maffei, the Chairman of the Board and a director of the Company, delivered a written offer (the “Offer”) to John C. Malone, a director of Qurate Retail, to acquire all of the outstanding shares of QRTEB beneficially owned by Mr. Malone, his wife Leslie Malone and certain trusts for the benefit of Mr. Malone, Mrs. Malone and/or their children (the “Malone Group,” and such shares, the “Subject Shares”) at a per share price of $14.00 payable in cash, securities or such other form of consideration as to which Mr. Maffei and Mr. Malone might mutually agree. The transfer by the Malone Group of the Subject Shares was subject to the terms of that certain call agreement, dated February 9, 1998 (the “Call Agreement”), among Qurate Retail, as successor-in-interest to the assignee of Tele-Communications, Inc., a Delaware corporation, Mr. Malone and Mrs. Malone, which provided Qurate Retail with the right to acquire all, but not less than all, of the Subject Shares at a per share price equal to the lower of (x) the Offer price or (y) 110% of the average closing prices of a share of QRTEA for the 30 consecutive trading days ending on May 17, 2021 (with the price calculated pursuant to clause (y) equal to $13.62 per share (the “Call Price”)) (the “Call Right”). As previously disclosed, on May 18, 2021, Mr. Malone provided written notice to Qurate Retail of his desire to accept the Offer, subject to the approval by the Board of Directors of the Company of the transactions contemplated thereby for purposes of Section 203 of the General Corporation Law of the State of Delaware, pursuant to the terms of the Call Agreement. However, in the event the Company determined to exercise the Call Right, Mr. Malone indicated a preference for the payment of the per share price in the form of shares of QRTEA such that he would continue to hold a substantial investment in the Company.

On June 2, 2021, Qurate Retail delivered written notice to Mr. Malone to exercise the Call Right and to pay the per share Call Price required by the Call Agreement in shares of QRTEA. On June 3, 2021, the Company and the Malone Group entered into a Stock Exchange Agreement (the “Malone Stock Exchange Agreement”) to effect the closing of the Call Right exercise, pursuant to which the Malone Group transferred to the Company an aggregate of 27,655,931 shares of QRTEB, and in exchange (the “Malone Exchange”), Qurate Retail issued to the Malone Group an aggregate of 30,421,522 shares of QRTEA. Under the terms of the Call Agreement, the aggregate Call Price converts into an equivalent ratio of 1.1 shares of QRTEA for each share of QRTEB with the aggregate number of shares of QRTEA issued to each member of the Malone Group rounded down to the nearest whole share.

On June 3, 2021, the Company, LMC and Mr. Maffei entered into a Waiver Letter and Amendment of Employment Agreement (the “Letter Agreement”), pursuant to which, among other things, Mr. Maffei (x) waived his rights to assert that Qurate Retail’s exercise of the Call Right, the transactions to be consummated pursuant to the Malone Stock Exchange Agreement or the resulting reduction in the Malone Group’s voting power with respect to Qurate Retail (collectively, the “Specified Events”) would constitute a “Change in Control” or “Good Reason,” in each case, as defined in the Executive Employment Agreement, dated as of December 13, 2019, by and between LMC and Mr. Maffei (the “Employment Agreement”), with respect to Qurate Retail, and agreed not to terminate his employment with Qurate Retail for “Good Reason” in connection with or arising out of the Option Cancellation (as defined below) or any of the Specified Events, and (y) consented to the cancellation (the “Option Cancellation”) of stock option awards to purchase shares of QRTEB that had been granted to Mr. Maffei on each of December 24, 2014, and March 31, 2015 for 1,137,228 shares at an exercise price of $16.97 per share, and 197,783 shares at an exercise price of $16.71 per share, respectively.

In consideration for the foregoing, pursuant to the Letter Agreement, (i) Mr. Maffei received a grant of 1,101,321 restricted shares of QRTEB that are scheduled to vest, subject to Mr. Maffei's continued employment with the Company, in two equal tranches on December 10, 2024 and the fifth anniversary of the grant date, subject to earlier vesting under certain circumstances, and (ii) Qurate Retail agreed that the portion of the Annual Equity Awards (as defined in the Employment Agreement) to be granted by Qurate Retail to Mr. Maffei pursuant to Section 4.11 of the Employment Agreement for calendar years 2022, 2023 and 2024 shall be granted with respect to the QRTEB.

Exchange and Cap. Also, on June 3, 2021, the Company and Mr. Maffei also entered into a Stock Exchange Agreement (the "Maffei Stock Exchange Agreement") pursuant to which, among other things: (i) on June 3, 2021, Mr. Maffei transferred to Qurate Retail an aggregate of 5,378,308 shares of QRTEA, and in exchange Qurate Retail issued to Mr. Maffei an equivalent number of shares of QRTEB; (ii) Qurate Retail agreed that on the terms and subject to the conditions of the Maffei Stock Exchange Agreement, Mr. Maffei, at his option (during the six-month period following the vesting of the performance-based restricted stock unit award granted to Mr. Maffei on March 10, 2021), may transfer to the Company the number of shares of QRTEA actually received by Mr. Maffei upon vesting of such performance-based restricted stock unit award in exchange for an equivalent number of newly-issued shares of QRTEB (the "Subsequent Exchange"); (iii) Mr. Maffei agreed that until December 31, 2024 (the "Cap Period"), which is also the end of the current term of his employment as set forth in the Employment Agreement, he will not, and will not authorize or permit any of his affiliates that he controls ("Controlled Affiliates") to, acquire or agree to acquire (or announce publicly an intent to acquire) by purchase or otherwise, beneficial ownership of voting securities of the Company (or direct or indirect rights or options to acquire any such voting securities) if, after giving effect to any such acquisition of securities, the aggregate voting power of the Company's voting securities beneficially owned by Mr. Maffei and his Controlled Affiliates would exceed 20.0% of the voting power of all of the outstanding voting securities (assuming, for purposes of this calculation that all voting securities beneficially owned by Mr. Maffei which are not outstanding are included in the calculation) (the "Cap"); and (iv) the foregoing transactions by which Mr. Maffei and certain of his related persons became an "interested stockholder" were approved for purposes of Section 203 of the General Corporation Law of the State of Delaware. The Cap is subject to certain terms and exceptions, as described in the Maffei Stock Exchange Agreement. In addition, Mr. Maffei and his Controlled Affiliates may not transfer voting securities of Qurate Retail to any other Controlled Affiliate of Mr. Maffei unless such transferee has agreed to be bound by the terms of the Maffei Stock Exchange Agreement.

CEO Employment Agreement

On July 12, 2021, the compensation committee of the board of directors of Qurate Retail approved the Company's entry into an employment agreement with David Rawlinson II, effective July 12, 2021. Effective August 1, 2021, Mr. Rawlinson will serve as President and Chief Executive Officer-Elect of Qurate Retail, with Mike George (current President and Chief Executive Officer) continuing as Chief Executive Officer, and effective October 1, Mr. Rawlinson will serve as President and Chief Executive Officer of Qurate Retail, with Mr. George assuming the role of Senior Advisor. Mr. George will resign from the board of directors effective January 1, 2022, at which time Mr. Rawlinson is expected to join the Board. With respect to his roles at Qurate Retail and QVC, Mr. George will step down as President effective August 1, 2021 and as Chief Executive Officer effective October 1, 2021.

(9) Commitments and Contingencies

Litigation

The Company 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 condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

(10) 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 online commerce industries. Qurate Retail identifies its reportable segments as (A) those operating segments that represent 10% or more of its consolidated annual revenue, annual Adjusted OIBDA (as defined below) 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.

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 and revenue or sales per customer equivalent. In addition, Qurate Retail reviews nonfinancial measures such as unique website visitors, number of units shipped, conversion rates and active customers, as appropriate.

For the six months ended June 30, 2021, Qurate Retail has identified the following operating segments 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 are the same as those described in the Company's Summary of Significant Accounting Policies in the 2020 10-K.

Performance Measures

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

	Three months ended June 30, 2021				
	QxH	QVC Int'l	Zulily	Corp and other	Total
			in millions		
Home	$ 775	309	120	284	1,488
Apparel	359	127	162	43	691
Beauty	294	193	16	—	503
Accessories	272	71	77	—	420
Electronics	167	32	3	—	202
Jewelry	76	54	12	—	142
Other revenue	46	5	7	—	58
Total Revenue	$ 1,989	791	397	327	3,504

	Six months ended June 30, 2021				
	QxH	QVC Int'l	Zulily	Corp and other	Total
			in millions		
Home	$ 1,550	633	243	490	2,916
Apparel	649	253	297	87	1,286
Beauty	580	357	35	—	972
Accessories	510	137	152	—	799
Electronics	368	65	7	—	440
Jewelry	174	114	26	—	314
Other revenue	94	6	14	—	114
Total Revenue	$ 3,925	1,565	774	577	6,841

	Three months ended June 30, 2020				
	QxH	QVC Int'l	Zulily	Corp and other	Total
			in millions		
Home	$ 803	286	130	242	1,461
Apparel	302	100	144	35	581
Beauty	325	186	17	—	528
Accessories	245	63	111	—	419
Electronics	217	31	4	—	252
Jewelry	82	47	9	—	138
Other revenue	36	—	7	—	43
Total Revenue	$ 2,010	713	422	277	3,422

	Six months ended June 30, 2020				
	QxH	QVC Int'l	Zulily	Corp and other	Total
			in millions		
Home	$ 1,484	543	211	383	2,621
Apparel	601	201	264	71	1,137
Beauty	613	331	33	—	977
Accessories	457	121	187	—	765
Electronics	391	53	7	—	451
Jewelry	180	96	22	—	298
Other revenue	76	3	14	—	93
Total Revenue	$ 3,802	1,348	738	454	6,342

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

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

performance excludes depreciation and amortization, stock-based compensation, certain acquisition 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 flows 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.

Adjusted OIBDA is summarized as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	amounts in millions			
QxH	$ 391	388	740	681
QVC International	144	119	287	216
Zulily	9	45	15	47
Corporate and other	37	13	56	5
Consolidated Qurate Retail	$ 581	565	1,098	949

Other Information

	June 30, 2021	
	Total assets	Capital expenditures
	amounts in millions	
QxH	$ 12,243	81
QVC International	2,315	13
Zulily	1,036	11
Corporate and other	1,312	5
Consolidated Qurate Retail	$ 16,906	110

The following table provides a reconciliation of Adjusted OIBDA to Operating income (loss) and Earnings (loss) before income taxes:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	amounts in millions			
Adjusted OIBDA	$ 581	565	1,098	949
Stock-based compensation	(19)	(16)	(35)	(27)
Depreciation and amortization	(129)	(144)	(257)	(286)
Operating income (loss)	$ 433	405	806	636
Interest expense	(118)	(95)	(235)	(192)
Share of earnings (loss) of affiliates, net	(22)	(28)	(54)	(64)
Realized and unrealized gains (losses) on financial instruments, net	19	23	60	(115)
Other, net	(23)	(12)	(10)	1
Earnings (loss) before income taxes	$ 289	293	567	266

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business strategies; COVID-19 (as defined below); revenue growth at QVC, Inc. ("QVC"); our projected sources and uses of cash; the recoverability of our goodwill and other intangible assets; and fluctuations in interest rates and foreign currency exchange rates. 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:

- the impact of the novel coronavirus (“COVID-19”) pandemic and local, state and federal governmental responses to the pandemic on the economy, our customers, our vendors and our businesses generally;
- customer demand for our products and services and our ability to attract new customers and retain existing customers by anticipating customer demand and adapting 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 customers or contributors;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our future financial performance, including availability, terms, deployment of capital and our level of indebtedness;
- our ability to effectively manage our installment sales plans and revolving credit card programs;
- the cost and ability of shipping companies, manufacturers, suppliers, digital marketing channels, and vendors to deliver products, equipment, software and services;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- the impact of the seasonality of our businesses;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, 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, including the impact of Brexit (as defined below);
- changes in the trade policy and trade relations with China;
- consumer spending levels, including the availability and amount of individual consumer debt and customer credit losses;
- system interruption and the lack of integration and redundancy in the systems and infrastructures of our businesses;
- advertising spending levels;
- changes in distribution and viewing of television programming, including the expanded deployment of video on demand technologies and Internet protocol television and their impact on home shopping programming;
- rapid technological changes;
- failure to protect the security of personal information, subjecting us to potentially costly government enforcement actions and/or private litigation and reputational damage;
- the regulatory and competitive environment of the industries in which we operate;
- natural disasters, public health crises (including COVID-19), political crises, and other catastrophic events or other events outside of our control;
- threatened terrorist attacks, political and economic unrest in international markets and ongoing military action around the world; and
- fluctuations in foreign currency exchange rates.

For additional risk factors, please see Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2020 (the “2020 10-K”). These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly Report on Form 10-Q, 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.

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 condensed consolidated financial statements and the notes thereto and the 2020 10-K.

The information herein relates to Qurate Retail, Inc. and its controlled subsidiaries (collectively "Qurate Retail," the "Company," "Consolidated Qurate Retail," "us," "we" or "our" unless the context otherwise requires).

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 our operating segment comprised of QVC U.S. and HSN ("QxH") and QVC International. QVC markets and sells a wide variety of consumer products in the United States ("U.S.") and several foreign countries, primarily by means of its televised shopping programs and the Internet through its domestic and international websites and mobile applications. 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, is a reportable segment.

Our "Corporate and other" category includes our consolidated subsidiary Cornerstone Brands, Inc. ("Cornerstone"), along with various cost and equity method investments.

In December 2019, the COVID-19 pandemic was reported to have surfaced in Wuhan, China and has subsequently spread across the globe, impacting all countries where Qurate Retail operates. As a result of the spread of the virus, certain local governmental agencies have imposed travel restrictions, local quarantines or stay at home restrictions to contain the spread, which has caused a significant disruption to most sectors of the economy.

In response to these stay at home restrictions, QVC has mandated that non-essential employees work from home and has reduced the number of employees who are allowed on its production set and has implemented increased cleaning protocols, social distancing measures and temperature screenings for those employees who enter into certain facilities. In some cases, the move to a work from home arrangement for QVC's non-essential employees will be permanent, which has resulted in the reduction of office space. QVC has also mandated that all essential employees who do not feel comfortable coming to work will not be required to do so. As a result of these resource constraints, QVC included fewer hours of live programming on some of its secondary channels and has experienced some delays in shipping at certain fulfillment centers. In certain markets, QVC temporarily increased the wages and salaries for those employees deemed essential who do not have the ability to work from home, including production and fulfillment center employees. The inability to control the spread of COVID-19, or the expansion or extension of these stay at home restrictions could negatively impact QVC's results in the future.

Zulily has seen increased freight surcharges from China due to COVID-19 and in concert with QVC has made work accommodations in its fulfillment centers which has resulted in an increase in labor expense. Zulily has also incurred additional expenses to clean its fulfillment centers and office buildings. In addition, Zulily management cut travel expenses, and reduced capital expenditures due to uncertainty created by COVID-19.

The stay at home restrictions imposed in response to COVID-19 required many traditional brick and mortar retailers to temporarily close their stores, but allowed distance retailers, including QVC, to continue operating. As a result, beginning at the end of the first quarter of 2020 and continuing through the first quarter of 2021, QVC observed an increase in new customers and an increase in demand for certain categories, such as home. Beginning in the second quarter of 2021, QVC observed a decline in new customers and a decline in demand for its home product category, while also seeing an increase in demand for its apparel product category.

As a result, for the three and six months ended June 30, 2020, QVC management had increased the amounts of certain estimated reserves including, but not limited to, uncollectible receivables in anticipation of higher defaults by customers billed through our installment payment option, inventory obsolescence due to decreased demand for certain categories, such as apparel, and sales returns due to our extended return policy. There were no remaining estimated reserves as of December 31, 2020 and June 30, 2021 as a direct result of COVID-19.

In addition, there are several potential adverse impacts of COVID-19 that could cause a material negative impact to QVC's financial results, including its capital and liquidity. These include governmental restrictions on QVC's ability to continue to operate under stay at home restrictions and produce content; reduced demand for products it sells; decreases in the disposable income of existing and potential new customers; the impacts of any recession and other uncertainties with respect to the continuity of government stimulus programs implemented in response to COVID-19; increased currency volatility resulting in adverse currency rate fluctuations; higher unemployment; labor shortages; and an adverse impact to QVC's supply chain and shipping disruptions for both the products it imports and purchases domestically and the products it sells, including essential products experiencing higher demand, due to factory closures, labor shortages and other resource constraints. While the impact is currently uncertain, the inability to control the spread of COVID-19 could cause any one of these adverse impacts, or combination of adverse impacts, to have a material impact on QVC's financial results.

During the second quarter of 2021, QVC began to see increased product shortages as a result of high market demand in some product categories such as home and electronics, which impacted its ability to offer certain goods to its customers. In addition, QVC began to see increased inflationary pressures during the period. If these pressures persist, it may result in certain increased costs outpacing QVC's pricing power in the near term.

On June 23, 2016, the U.K. held a referendum in which British citizens approved an exit from the European Union (the "E.U."), commonly referred to as "Brexit." 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, and could potentially have a negative impact on QVC's business. The potential impacts include, but are not limited to, unfavorable new trade agreements, the possible imposition of trade or other regulatory barriers which could result in shipping delays or shortages of products, and a negative impact to the global economy and consumer demand.

Early decisions by the Biden Administration confirm continuity of a bipartisan consensus in the U.S. government favoring increased confrontation of China in trade practices and economic matters, national security and human rights. The imposition of any new U.S. tariffs on Chinese imports or the taking of other actions against China in the future, and any responses by China, could impair QVC's ability to meet customer demand and could result in lost sales or an increase in QVC's cost of merchandise, which would have a material adverse impact on QVC's business and results of operations.

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 reporting segments. The "Corporate and other" category consists of those assets or businesses which we do not disclose separately. For a more detailed discussion and analysis of the financial results of the principal reporting segments, see "Results of Operations—Businesses" below.

Operating Results

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	amounts in millions			
Revenue				
QxH	$ 1,989	2,010	3,925	3,802
QVC International	791	713	1,565	1,348
Zulily	397	422	774	738
Corporate and other	327	277	577	454
Consolidated Qurate Retail	$ 3,504	3,422	6,841	6,342
Operating Income (Loss)				
QxH	$ 295	280	552	470
QVC International	127	101	251	181
Zulily	(15)	20	(33)	—
Corporate and other	26	4	36	(15)
Consolidated Qurate Retail	$ 433	405	806	636
Adjusted OIBDA				
QxH	$ 391	388	740	681
QVC International	144	119	287	216
Zulily	9	45	15	47
Corporate and other	37	13	56	5
Consolidated Qurate Retail	$ 581	565	1,098	949

Revenue. Consolidated Qurate Retail revenue increased 2.4% or $82 million and 7.9% or $499 million for the three and six months ended June 30, 2021, respectively, as compared to the corresponding periods in the prior year. The increase in the three months ended June 30, 2021 was due to increased revenue at QVC International of $78 million, increased revenue in the Corporate and other segment of $50 million, partially offset by decreased revenue at Zulily of $25 million and decreased revenue at QxH of $21 million compared to the same period in the prior year. The increase in Corporate and other revenue was due to an increase in revenue at Cornerstone due to strong customer response in the home décor, textiles, interior furnishings and outdoor categories. The increase in the six months ended June 30, 2021 was due to increased revenue at QVC International of $217 million, increased revenue at QxH of $123 million, increased revenue in the Corporate and other segment of $123 million and increased revenue at Zulily of $36 million, compared to the same period in the prior year. The increase in Corporate and other revenue was due to an increase in revenue at Cornerstone due to growth in home and casual apparel. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of QVC and Zulily.

Stock-based compensation. Stock-based compensation includes compensation primarily related to options, restricted stock awards and restricted stock units for shares of our common stock that are granted to certain of our officers and employees.

We recorded $19 million and $16 million of stock-based compensation for the three months ended June 30, 2021 and 2020, respectively, and $35 million and $27 million of stock-based compensation for the six months ended June 30, 2021 and 2020, respectively. The increase of $3 million for the three months ended June 30, 2021 was primarily due to increases at QxH. The increase of $8 million for the six months ended June 30, 2021 was primarily due to increases at QxH and at the corporate level. As of June 30, 2021, the total unrecognized compensation cost related to unvested Qurate Retail equity awards was approximately $139 million. Such amount will be recognized in our condensed consolidated statements of operations over a weighted average period of approximately 2.3 years.

Operating income. Our consolidated operating income increased $28 million and $170 million for the three and six months ended June 30, 2021, respectively, as compared to the corresponding periods in the prior year. The increase in operating results for the three months ended June 30, 2021 was primarily due to an increase in operating income at QVC International of $26 million, an increase in operating income at QxH of $15 million, and an increase in operating income at the Corporate and other segment of $22 million, partially offset by decreased operating income at Zulily of $35 million, compared to the corresponding period in the prior year. Operating income in the Corporate and other segment increased for the three months ended June 30, 2021, as compared to the corresponding period in the prior year, primarily related to strong revenue performance and expanding gross margins at Cornerstone. The increase for the six months ended June 30, 2021 was primarily due to an increase in operating income at QxH of $82 million, an increase in operating income at QVC International of $70 million, and an increase in operating income at the Corporate and other segment of $51 million, partially offset by an increase in operating losses at Zulily of $33 million compared to the same period in the prior year. Operating income in the Corporate and other segment increased for the six months ended June 30, 2021, as compared to the corresponding period in the prior year, primarily related to strength in revenue performance and lower promotional activity across the portfolio resulting in better margin performance at Cornerstone. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of QVC and Zulily.

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, restructuring, acquisition and other related costs 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. Accordingly, 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:

	Three months ended June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
	amounts in millions			
Operating income (loss)	$ 433	405	806	636
Depreciation and amortization	129	144	257	286
Stock-based compensation	19	16	35	27
Adjusted OIBDA	$ 581	565	1,098	949

Consolidated Adjusted OIBDA increased 2.8% or $16 million and 15.7% or $149 million for the three and six months ended June 30, 2021, respectively, as compared to the corresponding periods in the prior year. The increase in Adjusted OIBDA for the three months ended June 30, 2021 was primarily due to an increase at QVC International of $25 million, an increase at Corporate and other of $24 million, and an increase at QxH of $3 million, partially offset by a decrease at Zulily of $36 million compared to the corresponding period in the prior year. The change in the Corporate and other segment for the three months ended June 30, 2021 was primarily due to strong revenue performance and expanding gross margins at Cornerstone. The increase in Adjusted OIBDA for the six months ended June 30, 2021 was primarily due to an increase at QVC International of $71 million, an increase at QxH of $59 million, and an increase at Corporate and other of $51 million, partially offset by a decrease at Zulily of $32 million compared to the corresponding period in the prior year. The change in the Corporate and other segment for the six months ended June 30, 2021 was primarily due to strength in revenue performance and lower promotional activity across the portfolio resulting in better margin performance at Cornerstone. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of QVC and Zulily.

Other Income and Expense

Components of Other income (expense) are presented in the table below.

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	amounts in millions			
Interest expense	$ (118)	(95)	(235)	(192)
Share of earnings (losses) of affiliates	(22)	(28)	(54)	(64)
Realized and unrealized gains (losses) on financial instruments, net	19	23	60	(115)
Other, net	(23)	(12)	(10)	1
Other income (expense)	$ (144)	(112)	(239)	(370)

Interest expense. Interest expense increased $23 million and $43 million for the three and six months ended June 30, 2021, respectively, as compared to the corresponding periods in the prior year. The increases were primarily related to dividends incurred and paid related to our 8.0% Series A Cumulative Redeemable Preferred Stock, par value $0.01 per share (the "Preferred Stock") recorded through interest expense due to the accounting treatment.

Share of earnings (losses) of affiliates. Share of losses of affiliates decreased $6 million and $10 million for the three and six months ended June 30, 2021, respectively, as compared to the corresponding periods in the prior year. The losses decreased during the three and six months ended June 30, 2021 due to improved results at the Company's alternative energy entities. 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.

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	amounts in millions			
Equity securities	43	—	50	(4)
Exchangeable senior debentures	(179)	(30)	(133)	(80)
Indemnification asset	93	35	41	13
Other financial instruments	62	18	102	(44)
	$ 19	23	60	(115)

The changes in realized and unrealized gains (losses) on financial instruments, net are due to market activity in the applicable period related to the financial instruments that are marked to market on a periodic basis. The decrease in realized and unrealized gains for the three months ended June 30, 2021, compared to the corresponding period in the prior year, was primarily driven by unrealized losses on the exchangeable senior debentures driven by more growth in stock prices of the securities underlying the debentures than the prior year, partially offset by an increase in unrealized gains on the indemnification asset (described in note 4 of the accompanying condensed consolidated financial statements), an increase in unrealized gains related to derivative instruments and unrealized gains related to the initial public offering of an equity security. The increase in realized and unrealized gains for the six months ended June 30, 2021, compared to the corresponding period in the prior year, was primarily driven by an increase in unrealized gains related to derivative instruments, an increase in unrealized gains related to the initial public offering of an equity security, and an increase in unrealized gains on the indemnification asset, partially offset by unrealized losses on the exchangeable senior debentures driven by more growth in stock prices of the securities underlying the debentures than the prior year.

Other, net. Other, net loss increased $11 million for both of the three and six months ended June 30, 2021, compared to the corresponding periods in the prior year. The increased losses in both periods were primarily the result of increased tax sharing expense with Liberty Broadband Corporation ("Liberty Broadband") and foreign exchange losses, partially offset by a gain on the sale of fixed assets.

Income taxes. We had income tax expense of $39 million and $59 million for the three months ended June 30, 2021 and 2020, respectively, and income tax expense of $93 million and $41 million for the six months ended June 30, 2021 and 2020, respectively. Income tax expense was lower than the U.S. statutory tax rate of 21% during the three months ended June 30, 2021 due to tax benefits from tax credits generated by our alternative energy investments and from the accrual of non-deductible equity distributions related to the indemnification agreement between Liberty Broadband and Qurate Retail, partially offset by state and foreign income tax expense. Income tax expense was lower than the U.S. statutory tax rate of 21% during the three months ended June 30, 2020 due to tax benefits from tax credits generated by our alternative energy investments, partially offset by an increase in the valuation allowance against certain deferred tax assets, and foreign and state taxes. Income tax expense was lower than the U.S. statutory tax rate of 21% during the six months ended June 30, 2021 due to tax benefits from tax credits generated by our alternative energy investments, partially offset by state and foreign income tax expense. Income tax expense was lower than the U.S. statutory tax rate of 21% during the six months ended June 30, 2020 due to tax benefits from tax credits generated by our alternative energy investments, partially offset by an increase in the valuation allowance against certain deferred tax assets and foreign taxes.

Net earnings. We had net earnings of $250 million and $234 million for the three months ended June 30, 2021 and 2020, respectively, and net earnings of $474 million and $225 million for the six months ended June 30, 2021 and 2020, respectively. The change in net earnings (loss) was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Material Changes in Financial Condition

As of June 30, 2021, substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, securities of other government agencies, AAA rated money market funds and other highly rated financial and corporate debt instruments.

The following are potential sources of liquidity: available cash balances, availability under QVC's Senior Secured Credit Facility (the "Fourth Amended and Restated Credit Facility"), as discussed in note 6 of the accompanying condensed consolidated financial statements, debt issuances, equity issuances, interest receipts, proceeds from asset sales, 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 such indebtedness) of less than 3.5 must be maintained.

As of June 30, 2021, Qurate Retail's liquidity position included the following:

	Cash and cash equivalents amounts in millions
QVC	$ 737
Zulily	13
Corporate and other	200
Total Qurate Retail	$ 950

	Borrowing capacity amount in millions
Fourth Amended and Restated Credit Facility	$ 2,851

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. As of June 30, 2021, the Company had approximately $311 million of cash, cash equivalents and restricted cash held in foreign subsidiaries that is available for domestic purposes with no significant tax consequences upon repatriation to the United States. QVC accrues foreign taxes on the unremitted earnings of its international subsidiaries. Approximately 67% of QVC's foreign cash balance was that of QVC-Japan (as defined below). QVC owns 60% of QVC-Japan and shares all profits and losses with the 40% minority interest holder, Mitsui & Co., LTD ("Mitsui").

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.

		Six months ended June 30,	
		2021	2020
		amounts in millions	
Cash Flow Information			
Net cash provided (used) by operating activities	$	702	1,198
Net cash provided (used) by investing activities	$	(379)	(166)
Net cash provided (used) by financing activities	$	(164)	(754)

During the six months ended June 30, 2021, Qurate Retail's primary uses of cash were expenditure for television distribution rights of $170 million, investments in and loans to cost and equity method investments of $139 million, capital expenditures of $110 million, repurchases of Series A Qurate Retail common stock of $105 million, and derivative payments to the counterparty of $81 million, partially offset by net debt borrowings of $72 million, proceeds from the sale of fixed assets of $40 million, and derivative proceeds from counterparties of $24 million.

The projected uses of Qurate Retail cash for the remainder of 2021 are continued capital improvement spending between $150 million and $180 million, debt service payments (including approximately $170 million for interest payments on outstanding debt), the potential buyback of common stock under the approved share buyback program, payment of dividends to the holders of the Preferred Stock and additional investments in existing or new businesses. We also may be required to make net payments of income tax liabilities to settle items under discussion with tax authorities. We expect that cash on hand and cash provided by operating activities and borrowing capacity in future periods will be sufficient to fund projected uses of cash.

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 distributed across multiple channels nationally on a full-time basis, including QVC, QVC 2, QVC 3, HSN and HSN2. QVC U.S. programming is also available on QVC.com and HSN.com, QVC's U.S. websites; virtual multichannel video programming distributors (including Hulu + Live TV, AT&T TV, and You Tube TV); applications via streaming video; Facebook Live, Roku, Apple TV, Amazon Fire and Xfinity Flex; mobile applications; social pages and over-the-air broadcasters.

QVC's digital platforms enable consumers to purchase goods offered on its televised programming, along with a wide assortment of products that are available only on QVC.com and HSN.com. QVC.com and HSN.com 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.com and HSN.com 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 distributed 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 Japanese operations ("QVC-Japan") are conducted through a joint venture with Mitsui. QVC-Japan is owned 60% by QVC and 40% by Mitsui. QVC and Mitsui share in all profits and losses based on their respective ownership interests. During the six months ended June 30, 2021 and 2020, QVC-Japan paid dividends to Mitsui of $31 million and $30 million, respectively.

QVC's operating results were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
	amounts in millions			
Net revenue	$ 2,780	2,723	5,490	5,150
Cost of sales	(1,755)	(1,735)	(3,513)	(3,319)
Operating expenses	(196)	(187)	(382)	(364)
SG&A expenses (excluding stock-based compensation and transaction related costs)	(294)	(294)	(568)	(570)
Adjusted OIBDA	535	507	1,027	897
Stock-based compensation	(11)	(10)	(20)	(16)
Depreciation and amortization	(102)	(116)	(204)	(230)
Operating income	$ 422	381	803	651

Net revenue was generated in the following geographical areas:

		Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
		amounts in millions			
QxH	$	1,989	2,010	3,925	3,802
QVC International		791	713	1,565	1,348
Consolidated QVC	$	2,780	2,723	5,490	5,150

QVC's consolidated net revenue increased 2.1% and 6.6% for the three and six months ended June 30, 2021, as compared to the corresponding period in the prior year. The three month increase in net revenue is primarily due to a 3.2% increase in units shipped, a $13 million decrease in estimated product returns primarily driven by QxH, a $5 million increase in shipping and handling revenue and $42 million in favorable foreign exchange rates, which was partially offset by a 1.9% decline in average selling price per unit ("ASP"), primarily driven by QxH. The six month increase in net revenue is primarily due to a 5.5% increase in units shipped, a $40 million decrease in estimated product returns primarily driven by QxH, a $14 million increase in shipping and handling revenue and $89 million in favorable foreign exchange rates, which was partially offset by a 0.4% decline in ASP, primarily driven by QxH.

During the six months ended June 30, 2021 and 2020, the changes in revenue and expenses were affected by changes in the exchange rates for the U.K. Pound Sterling, the Euro and the Japanese Yen. 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 describing 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. QVC refers to the results of this calculation as the impact of currency exchange rate fluctuations. Constant currency operating results refers to operating results without the impact of the currency exchange rate fluctuations. The disclosure of constant currency amounts or results permits investors to better understand QVC’s underlying performance without the effects of currency exchange rate fluctuations.

The percentage change in net revenue for each of QVC's geographic areas in U.S. Dollars and in constant currency was as follows:

	Three months ended June 30, 2021			Six months ended June 30, 2021		
	U.S. Dollars	Foreign Currency Exchange Impact	Constant Currency	U.S. Dollars	Foreign Currency Exchange Impact	Constant currency
QxH	(1.0)%	— %	(1.0)%	3.2 %	— %	3.2 %
QVC International	10.9 %	5.9 %	5.0 %	16.1 %	6.7 %	9.4 %

The decrease in QxH net revenue for the three months ended June 30, 2021 was primarily due to a 6.1% decline in ASP which was partially offset by a 4.5% increase in units shipped, a $9 million decrease in estimated product returns and a $5 million increase in shipping and handling revenue. For the three months ended June 30, 2021, QxH experienced shipped sales declines in electronics, beauty, home and jewelry with growth in all other categories. For the six months ended June 30, 2021, QxH net revenue increased due to a 6.1% increase in units shipped, a $39 million decrease in estimated product returns and an $11 million increase in shipping and handling revenue, partially offset by a 4.4% decline in ASP. For the six months ended June 30, 2021, QxH experienced shipped sales growth in home, apparel and accessories with declines in all other categories. The decrease in estimated product returns for the three months ended June 30, 2021 was primarily due to a decrease in sales volume. The decrease in estimated product returns for the six months ended June 30, 2021 was primarily driven by a shift in product mix to the lower return rate category of home, partially offset by an increase in sales volume.

QVC International net revenue growth in constant currency for the three months ended June 30, 2021 was primarily due to a 3.2% increase in ASP, driven by ASP increases across all markets except Germany and Italy, and a slight increase in units shipped, driven by increases in units shipped in Japan and Germany. For the three months ended June 30, 2021, QVC-International experienced shipped sales growth in constant currency across all product categories. QVC-International net revenue growth in constant currency for the six months ended June 30, 2021 was primarily due to a 3.5% increase in ASP, driven by ASP increases across all markets, and a 4.1% increase in units shipped, driven by increases in units shipped across all markets except for the U.K. For the six months ended June 30, 2021, QVC-International experienced shipped sales growth in constant currency across all product categories.

QVC's 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 televised programming and increased spending from existing customers. QVC's 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 service; (ii) QVC's ability to maintain favorable channel positioning, which may become more difficult due to governmental action or from distributors converting analog customers to digital; (iii) changes in television viewing habits because of video-on-demand technologies and Internet video services; (iv) QVC's ability to source new and compelling products; and (v) general economic conditions.

QVC's cost of sales as a percentage of net revenue was 63.1% and 64.0% for three and six months ended June 30, 2021, respectively, compared to 63.7% and 64.4% for the three and six months ended June 30, 2020, respectively. The decrease in cost of goods sold as a percentage of revenue for the three and six months ended June 30, 2021 is primarily due to favorable estimated product returns at QxH and Germany, strategic promotional and pricing initiatives, which decreased product costs as a percentage of net revenue in Germany and Japan, a shift in product mix to higher margin category of apparel and decreased obsolescence as a result of less aged inventory at QxH. These decreases were partially offset by increased freight charges and warehouse expenses at QxH.

QVC's operating expenses are principally comprised of commissions, order processing and customer service expenses, credit card processing fees and telecommunications expenses. Operating expenses increased $9 million and $18 million for the three and six months ended June 30, 2021, respectively, as compared to the same periods in the prior year. The three month increase is primarily due to a $4 million increase in customer service expenses primarily at QxH, a $3 million increase in commissions, primarily at QxH and to a lesser extent, Japan, and a $3 million increase due to unfavorable exchange rates. The six month increase is primarily due to an $8 million increase in customer service expenses primarily at QxH, a $4 million increase in commissions, primarily at QxH and to a lesser extent, Japan, and a $6 million increase due to unfavorable exchange rates.

QVC's SG&A expenses (excluding stock-based compensation) include personnel, information technology, provision for doubtful accounts, production costs, and marketing and advertising expenses. Such expenses were flat and decreased $2 million for the three and six months ended June 30, 2021, as compared to the same periods in the prior year, and as a percentage of net revenue, decreased from 10.8% to 10.6% and from 11.1% to 10.3% for the three and six months ended June 30, 2021, respectively, as compared to the three and six months ended June 30, 2020. For the three months ended June 30, 2021, there was a $20 million decrease in credit losses, primarily at QxH, and a $7 million decrease in personnel costs, primarily at QxH. These decreases were offset by a $20 million increase in online marketing primarily at QxH and a $7 million increase due to unfavorable exchange rates.

For the six months ended June 30, 2021, the decrease was primarily due to a $45 million decrease in credit losses, primarily at QxH, and a $4 million decrease in personnel costs, primarily at QxH. These decreases were offset by a $38 million increase in online marketing primarily at QxH and an $11 million increase due to unfavorable exchange rates. The decrease to estimated credit losses for the three and six months ended June 30, 2021 was due to a decrease in the number of installment counts offered to and taken by customers, an increase to our reserve as a result of COVID-19 for the three and six months ended June 30, 2020, favorable adjustments based on actual collections and enhanced risk screening. The decrease related to personnel costs for the three and six months ended June 30, 2021 was primarily due to a reduction of severance and a work from home allowance as a result of COVID-19, which were both recorded in the second quarter of 2020.

Stock-based compensation includes compensation related to options and restricted stock units granted to certain officers and employees. QVC recorded $11 million and $20 million of stock-based compensation expense for the three and six months ended June 30, 2021, respectively, and $10 million and $16 million for the three and six months ended

June 30, 2020, respectively. The increase in stock compensation expense for the six months ended June 30, 2021 is primarily related to certain officers not reaching performance targets for restricted stock units for the six months ended June 30, 2020.

Depreciation and amortization decreased $14 million and $26 million for the three and six months ended June 30, 2021 and included $15 million and $16 million of acquisition related amortization for the three months ended June 30, 2021 and 2020, respectively, and $31 million and $33 million of acquisition related amortization for the six months ended June 30, 2021 and 2020, respectively. Channel placement amortization decreased due to certain channel placement agreements becoming fully amortized.

Zulily. Zulily is an online retailer offering customers a fun and entertaining shopping experience with a fresh selection of new product styles launched each 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's stand-alone operating results for the three and six months ended June 30, 2021 and 2020 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	amounts in millions			
Net revenue	$ 397	422	774	738
Costs of sales	(301)	(308)	(589)	(548)
Operating expenses	(10)	(11)	(20)	(20)
SG&A expenses (excluding stock-based compensation)	(77)	(58)	(150)	(123)
Adjusted OIBDA	9	45	15	47
Stock-based compensation	(4)	(5)	(8)	(7)
Depreciation and amortization	(20)	(20)	(40)	(40)
Operating income (loss)	$ (15)	20	(33)	—

Zulily's consolidated net revenue decreased 5.9% and increased 4.9% for the three and six months ended June 30, 2021, as compared to the corresponding period in the prior year. The decrease in net revenue for the three months ended June 30, 2021 was primarily related to a decrease of 8.6% in total units shipped despite a 5.7% increase in active customers driven by the surge in the prior year's demand for online shopping and Zulily's merchandise, partially offset by a 4.3% increase in ASP primarily to offset shipping costs. The increase in net revenue for the six months ended June 30, 2021 was primarily related to a 4.4% increase in ASP, coupled with an increase of 1.8% in total units shipped.

Zulily's cost of sales as a percentage of net revenue was 75.8% and 73.0% for the three months ended June 30, 2021 and 2020, respectively, and 76.1% and 74.3% for the six months ended June 30, 2021 and 2020, respectively. For the three months ended June 30, 2021, the increase was primarily due to higher shipping costs. For the six months ended June 30, 2021, the increase was primarily due to higher shipping costs, partially offset by favorable product margin.

Operating expenses are principally comprised of credit card processing fees and customer service expenses. For the three months ended June 30, 2021, operating expenses decreased slightly compared to the corresponding period in the prior year due to decreased sales volumes. For the six months ended June 30, 2021, operating expenses remained flat compared to the corresponding period in the prior year.

Zulily's SG&A expenses (excluding stock-based compensation) include personnel related costs for general corporate functions, marketing and advertising expenses, information technology, and the costs associated with the use by these functions of facilities and equipment, including rent. For the three months ended June 30, 2021, as a percentage of net revenue, these expenses increased from 13.7% to 19.4% and for the six months ended June 30, 2021, as a percentage of net revenue, these expenses increased from 16.7% to 19.4%. The increases were primarily attributable to an increase in marketing spend, coupled with the prior year's recognition of a $10 million reduction in a sales tax accrual which was originally recorded at the acquisition date.

Zulily's total depreciation and amortization expense remained flat for the three and six months ended June 30, 2021, as compared to the corresponding periods in the prior year.

Item 3. 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 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 June 30, 2021, our debt is comprised of the following amounts:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted average interest rate	Principal amount	Weighted average interest rate
	dollar amounts in millions			
QxH and QVC International	$ NA	NA %	$ 4,664	4.9 %
Zulily	$ 77	1.6 %	$ —	— %
Corporate and other	$ —	— %	$ 1,985	5.3 %

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 six months ended June 30, 2021 would have been impacted by approximately $3 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 of 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 4. Controls and Procedures.

Disclosure Controls and Procedures

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended, 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 effective as of June 30, 2021 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Changes in Internal Control Over Financial Reporting

In May 2021, QVC completed the implementation of the initial phase of its new Enterprise Resource Planning (“ERP”) system, which has enabled standardization, modernization and best practice in QVC’s financial processes across its global markets and most brands. As a result of the implementation of phase one of a new ERP system, QVC revised and updated certain process-level and information technology general controls.

Except as described above, there has been no change in the Company’s internal control over financial reporting that occurred during the three months ended June 30, 2021 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Share Repurchase Programs

In May 2019, the board authorized the repurchase of $500 million of Series A Qurate Retail common stock (“QRTEA”) or Series B Qurate Retail common stock (“QRTEB”). In August 2021, the board authorized the repurchase of $500 million of QRTEA or QRTEB.

	Series A Qurate Retail Common Stock			
Period	**(a) Total Number of Shares Purchased**	**(b) Average Price Paid per Share**	**(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs**
April 1 - 30, 2021	2,672,470	$ 12.05	2,672,470	$354 million
May 1 - 31, 2021	1,263,083	$ 12.23	1,263,083	$338 million
June 1 - 30, 2021	1,261,627	$ 13.20	1,261,627	$321 million
Total	5,197,180	$ 12.37	5,197,180	

There were no repurchases of QRTEB or Preferred Stock during the three months ended June 30, 2021 under the Company’s share repurchase program.

During the three months ended June 30, 2021, no shares of QRTEA, QRTEB or Preferred Stock were surrendered by our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock, restricted stock units, and options.

Item 6. Exhibits

(a) Exhibits

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

10.1	Stock Exchange Agreement, dated June 3, 2021, among John C. Malone, Leslie A. Malone, The John C. Malone 1995 Revocable Trust, The Leslie A. Malone 1995 Revocable Trust, The Tracy M. Neal Trust A, The Evan D. Malone Trust A and Qurate Retail, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 4, 2021 (File No. 001-33982) (the "June 8-K")).
10.2	Stock Exchange Agreement, dated June 3, 2021, between Gregory B. Maffei and Qurate Retail, Inc. (incorporated by reference to Exhibit 10.2 to the June 8-K).
10.3	Waiver Letter and Amendment of Employment Agreement, dated June 3, 2021, among Gregory B. Maffei, Liberty Media Corporation and Qurate Retail, Inc. (incorporated by reference to Exhibit 10.3 to the June 8-K).
10.4	Restricted Share Award Agreement under the Qurate Retail, Inc. 2020 Omnibus Incentive Plan, as amended, dated as of June 3, 2021, by and between Qurate Retail, Inc. and Gregory B. Maffei. (incorporated by reference to Exhibit 10.4 to the June 8-K).
10.5	Employment Agreement, effective as of July 12, 2021, by and between David Rawlinson and Qurate Retail, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 13, 2021 (File No. 001-33982)).
10.6	Form of Performance-Based Restricted Stock Units Agreement under the Qurate Retail, Inc. 2020 Omnibus Incentive Plan, as amended from time to time, for Michael George.*
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

SIGNATURES

Pursuant to the requirements 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: August 6, 2021	By:	/s/ MICHAEL A.GEORGE
		Michael A. George
		Chief Executive Officer
Date: August 6, 2021	By:	/s/ BRIAN J. WENDLING
		Brian J. Wendling
		Chief Accounting Officer and Principal Financial Officer

Exhibit 10.6

PERFORMANCE-BASED RESTRICTED STOCK UNITS AGREEMENT

THIS PERFORMANCE-BASED RESTRICTED STOCK UNITS AGREEMENT (this "Agreement") is made and effective as of the date specified in Schedule I hereto (the "Grant Date"), by and between the issuer specified in Schedule I hereto (the "Company") and you.

The Company has adopted the incentive plan that governs the Performance-Based Restricted Stock Units specified in Schedule I hereto (as has been or may hereafter be amended, the "Plan"), a copy of which is attached via a link at the end of this online Agreement as Exhibit A and, by this reference, made a part hereof. Capitalized terms used and not otherwise defined in this Agreement will have the meanings ascribed to them in the Plan.

Pursuant to the Plan, the Plan Administrator has determined that it would be in the interest of the Company and its stockholders to grant you an Award of Performance-Based Restricted Stock Units, subject to the conditions and restrictions set forth in this Agreement and in the Plan, in order to provide you with additional remuneration for services rendered, to encourage you to remain in the service or employ of the Company or its Subsidiaries and to increase your personal interest in the continued success and progress of the Company.

The Company and you therefore agree as follows:

1. Definitions. The following terms, when used in this Agreement, have the following meanings, except as otherwise defined in Schedule I hereto:

"Agreement" has the meaning specified in the preamble to this Agreement.

"Cause" has the meaning specified as "cause" in Section 10.2(b) of the Plan.

"Certification Date" has the meaning specified in Section 3(a) (Vesting; Certification).

"Close of Business" means, on any day, 4:00 p.m., New York, New York time.

"Common Stock" has the meaning specified in Schedule I hereto.

"Company" has the meaning specified in the preamble to this Agreement.

"Confidential Information" has the meaning specified in Section 9 (Confidential Information).

"Disability" has the meaning specified as "Disability" in Section 2.1 of the Plan.

"Employment Termination Date" means the date of termination of your employment with the Company or a Subsidiary, as applicable.

"Forfeitable Benefits" has the meaning specified in Section 28 (Forfeiture for Misconduct and Repayment of Certain Amounts).

"Grant Date" has the meaning specified in the preamble to this Agreement.

"Misstatement Period" has the meaning specified in Section 28 (Forfeiture for Misconduct and Repayment of Certain Amounts).

"Performance Period" has the meaning specified in Schedule I hereto.

"Plan" has the meaning specified in the preamble to this Agreement.

"Plan Administrator" has the meaning specified in Section 12 (Plan Administrator).

"Required Withholding Amount" has the meaning specified in Section 6 (Mandatory Withholding for Taxes).

"Restricted Stock Units" has the meaning specified in Section 2 (Award).

"RSU Dividend Equivalents" has the meaning specified in Section 5 (Dividend Equivalents).

"Section 409A" has the meaning specified in Section 27 (Code Section 409A).

2. **Award**. In consideration of your covenants and promises herein, the Company hereby awards to you as of the Grant Date an Award of the number and type of performance-based Restricted Stock Units authorized by the Plan Administrator and set forth in the notice of online grant delivered to you pursuant to the Company's online grant and administration program (the "Restricted Stock Units"), each representing the right to receive one share of the type of Common Stock specified in such notice of online grant, subject to the conditions and restrictions set forth in this Agreement and in the Plan.

3. **Vesting**. Unless otherwise determined by the Plan Administrator in its sole discretion, the Restricted Stock Units will vest in accordance with this Section 3, except as otherwise specified in Schedule I hereto.

(a) *Certification*. After the end of the Performance Period but prior to March 15 of the calendar year following the Performance Period, (i) the Plan Administrator will certify the number and type of Restricted Stock Units that will vest (the date as of which such certification is made, the "Certification Date") based on the Plan Administrator's assessment in its sole discretion (after input from the Company's Chairman of the Board or Chief Executive Officer, as applicable) of your satisfaction of such discretionary performance objectives for the Performance Period as may be deemed relevant by the Plan Administrator, including the Plan Administrator's exercise of any discretion, and (ii) the Plan Administrator will specify the vesting date of such Restricted Stock Units, which vesting date will be not later than March 15 of the calendar year following the Performance Period.

(b) *Unvested Restricted Stock Units*. Any Restricted Stock Units that do not vest pursuant to Section 3(a) will automatically be forfeited as of the Close of Business on the Certification Date.

(c) *Continuous Employment*. Notwithstanding the foregoing, you will not vest, pursuant to this Section 3, in Restricted Stock Units in which you would otherwise vest as of a given date if you have not been continuously employed by the Company or a Subsidiary from the Grant Date through such date (the vesting or forfeiture of such Restricted Stock Units to be governed instead by Section 3(d) below).

(d) *Early Vesting or Forfeiture.* Notwithstanding the foregoing, unless otherwise determined by the Plan Administrator in its sole discretion or except as otherwise specified in Schedule I hereto:

(i) Termination for any Reason Other than Termination without Cause after the Performance Period, Disability, Death, or for Cause . All unvested Restricted Stock Units will be forfeited on the Employment Termination Date if your employment terminates prior to the Certification Date for any reason other than (I) by the Company or a Subsidiary, as applicable, without Cause after the end of the Performance Period, (II) by reason of your Disability (when Cause does not then exist) or your death, or (III) for Cause.

(ii) Termination without Cause after the end of the Performance Period. If your employment is terminated by the Company or a Subsidiary, as applicable, without Cause on or after the last day of the Performance Period, but prior to the Certification Date, the Restricted Stock Units will remain outstanding until the Certification Date and will thereafter vest in accordance with Section 3(a) as if you had remained continuously employed by the Company or its Subsidiaries from the Grant Date through the Certification Date to the extent the Plan Administrator certifies they have vested in accordance with such Section.

(iii) Disability and Death . All unvested Restricted Stock Units will vest on the Employment Termination Date if (i) your employment terminates prior to the Certification Date by reason of your Disability (when Cause does not then exist) or (ii) you die prior to the Certification Date while employed by the Company or a Subsidiary.

(iv) Termination for Cause. All unvested Restricted Stock Units will be forfeited on the Employment Termination Date if your employment with the Company or a Subsidiary is terminated for Cause.

(v) Approved Transaction, Board Change or Control Purchase. The Restricted Stock Units may become vested in accordance with Section 10.1(b) of the Plan in the event of an Approved Transaction, Board Change or Control Purchase following the Grant Date.

(e) *Miscellaneous.*

(i) Qualifying Service. For purposes of this Agreement, continuous employment means the absence of any interruption or termination of employment or service as an employee, officer or consultant of or to the Company or a Subsidiary, as applicable, and references to termination of employment (or similar references) shall include termination of employment or service as an employee, officer or consultant of or to the Company or a Subsidiary, as applicable. Unless the Plan Administrator otherwise determines in its sole discretion, a change of your employment or service from the Company to a Subsidiary or from a Subsidiary to the Company or another Subsidiary will not be considered a termination of your employment for purposes of this Agreement if such change of employment or service is made at the request or with the express consent of the Company. Unless the Plan Administrator otherwise determines in its sole discretion, however, any such change of employment or service that is not made at the request or with the express consent of the Company will be a termination of your employment within the meaning of this Agreement.

(ii) Forfeiture. Upon forfeiture of any unvested Restricted Stock Units, such Restricted Stock Units and any related unpaid RSU Dividend Equivalents will be immediately cancelled, and you will cease to have any rights with respect thereto.

4. No Stockholder Rights. You will not be deemed for any purpose to be, or to have any of the rights of, a stockholder of the Company with respect to shares of Common Stock represented by any Restricted Stock Units unless and until such time as shares of Common Stock represented by vested Restricted Stock Units have been delivered in accordance with Section 7 (Settlement and Delivery by the Company), nor will the existence of this Agreement affect in any way the right or power of the Company or its stockholders to accomplish any corporate act, including, without limitation, the acts referred to in Section 10.16 of the Plan.

5. Dividend Equivalents. To the extent specified by the Plan Administrator only, an amount equal to all dividends and other distributions (or the economic equivalent thereof) (in each case, as determined by the Plan Administrator in its sole discretion) that would have been paid on a like number and type of shares of Common Stock as the shares represented by the Restricted Stock Units if such shares had been issued to you when such dividends or other distributions were made ("RSU Dividend Equivalents") will, if so specified by the Plan Administrator, be retained by the Company for your account and will, unless otherwise specified by the Plan Administrator, be subject to the same conditions, restrictions, and performance objectives, including the timing of vesting and delivery, applicable to the Restricted Stock Units to which they relate; *provided, however*, that the Plan Administrator may, in its sole discretion, accelerate the vesting of any portion of the RSU Dividend Equivalent and the settlement thereof shall be made as soon as administratively practicable after the accelerated vesting date, but in no event later than March 15 of the calendar year following the year in which such accelerated vesting date occurs. RSU Dividend Equivalents shall not bear interest or be segregated in a separate account. For the avoidance of doubt, unless otherwise determined by the Plan Administrator in its sole discretion, you will have no right to receive, or otherwise with respect to, any RSU Dividend Equivalents until such time, if ever, as the Restricted Stock Units with respect to which such RSU Dividend Equivalents relate shall have become vested, and, if vesting does not occur, the related RSU Dividend Equivalents will be forfeited at the same time the Restricted Stock Units with respect to which such RSU Dividend Equivalents relate are forfeited.

6. Mandatory Withholding for Taxes. To the extent that the Company or any Subsidiary of the Company is subject to withholding tax requirements under or in respect of any national, federal, state and other local or governmental taxes or social security costs and charges or similar contributions (wheresoever arising) with respect to the Award of the Restricted Stock Units or the vesting thereof, or the designation of any RSU Dividend Equivalents as payable or distributable or the payment or distribution thereof, you must make arrangements satisfactory to the Company to make payment to the Company or its designee of the amount required to be withheld under such tax laws, as determined by the Company (collectively, the "Required Withholding Amount"). To the extent such withholding is required because some or all of the Restricted Stock Units and any related RSU Dividend Equivalents vest, you acknowledge and agree that the Company shall withhold (a) from the shares of Common Stock represented by vested Restricted Stock Units and otherwise deliverable to you a number of shares of the applicable type of Common Stock and/or (b) from any related RSU Dividend Equivalents otherwise deliverable to you an amount of such RSU Dividend Equivalents, which collectively have a value (or, in the case of securities withheld, a Fair Market Value) equal to the Required Withholding Amount, unless you remit the Required Withholding Amount to the Company or its designee in cash in such form and by such time as the Company may require or other provisions for withholding such amount satisfactory to the Company have been made. Notwithstanding any other provisions of this Agreement, the delivery of any shares of Common Stock represented by vested Restricted Stock Units and any related RSU Dividend Equivalents may be postponed until any required withholding taxes have been paid to the Company. For the avoidance of doubt, the Company may allow for tax withholding in respect of the vesting of the Restricted Stock Units and any related RSU Dividend Equivalents up to the maximum withholding rate applicable to you.

7. Settlement and Delivery by the Company. Subject to Section 6 hereof (Mandatory Withholding for Taxes), Section 11 hereof (Right of Offset), and Section 16 hereof (Amendment), and except as otherwise provided herein, shares of Common Stock will be delivered in respect of vested Restricted Stock Units (if any) as soon as practicable after the vesting of the Restricted Stock Units as described herein (but no later than March 15 of the calendar year following the year in which such vesting occurs). Unless otherwise determined by the Plan Administrator, the Company will (a) cause to be issued and transferred to a brokerage account, or registered through the Company's stock transfer agent for your benefit, book-entry transfers registered in your name for that number and type of shares of Common Stock represented by such vested Restricted Stock Units and any securities representing related vested unpaid RSU Dividend Equivalents, and (b) cause to be delivered to you any cash payment representing related vested unpaid RSU Dividend Equivalents. Any delivery of securities will be deemed effected for all purposes when (i) in the case of a book-entry transfer, at the time the Company's stock transfer agent initiates the transfer of such securities to a brokerage account through the Company's stock transfer agent for your benefit or (ii) the Plan Administrator has made or caused to be made such other arrangements for the delivery of such securities as the Plan Administrator deems reasonable. Any cash payment will be deemed effected when (I) a check from the Company, payable to you in the amount equal to the amount of the cash payment, has been delivered personally to or at your direction or deposited in the United States mail, addressed to you, (II) an amount equal to the amount of the cash payment has been processed through the direct deposit or normal Company payroll processes for your benefit or (III) the Plan Administrator has made or caused to be made such other arrangements for delivery of such cash amount as the Plan Administrator deems reasonable. Shares representing Restricted Stock Units that have vested may be registered only to you (or during your lifetime, to your court appointed legal representative) or to a person to whom the Restricted Stock Units have been transferred in accordance with Section 10.6 of the Plan and Section 8 below (Nontransferability).

8. Nontransferability. Restricted Stock Units and any related unpaid RSU Dividend Equivalents are not transferable (either voluntarily or involuntarily), before or after your death, except as follows: (a) during your lifetime, pursuant to a Domestic Relations Order, issued by a court of competent jurisdiction, that is not contrary to the terms and conditions of the Plan or this Agreement, and in a form acceptable to the Plan Administrator; or (b) after your death, by will or pursuant to the applicable laws of descent and distribution, as may be the case. Any person to whom Restricted Stock Units and any related unpaid RSU Dividend Equivalents are transferred in accordance with the provisions of the preceding sentence shall take such Restricted Stock Units and any related unpaid RSU Dividend Equivalents subject to all of the terms and conditions of the Plan and this Agreement, including that the vesting and termination provisions of this Agreement will continue to be applied with respect to you. Restricted Stock Units that have vested may be registered only to you (or during your lifetime, to your court appointed legal representative) or to a person to whom the Restricted Stock Units have been transferred in accordance with this Section 8 and Section 10.6 of the Plan.

9. Confidential Information. During your employment or service with the Company or a Subsidiary, you will acquire, receive, and/or develop Confidential Information (as defined below) in the course of performing your job duties or services. You will not, during or after your employment or service with the Company or a Subsidiary, without the prior express written consent of the Company, directly or indirectly use or divulge, disclose or make available or accessible any Confidential Information to any person, firm, partnership, corporation, trust or any other entity or third party other than when required to do so in good faith to perform your duties and responsibilities to the Company and provided that nothing herein shall be interpreted as preventing you from (a) doing so when required to do so by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power, (b) doing so when necessary to prosecute your rights against the Company or its Subsidiaries or to defend yourself against any allegations, or (c) communicating with, filing a charge with, reporting possible violations of federal law or regulation to, or participating in an investigation or proceeding conducted by, a government agency, including providing documents or other information to such agency without notice to the Company. You will also proffer to the Company, any time upon request by the Company or upon termination, to be provided no later than the effective date of any termination of your employment or engagement with the Company for any reason, and without retaining any copies, notes or excerpts thereof, all memoranda, computer disks or other media, computer programs, diaries, notes, records, data, customer or client lists, marketing plans and strategies, and any other documents consisting of or containing Confidential Information that are in your actual or constructive possession or which are subject to your control at such time (other than contracts between you and the Company, pay stubs, benefits information, and copies of documents or information that you require in order to prepare your taxes). At the time of termination or otherwise upon request by the Company, you agree to permanently delete Confidential Information from all of your personal electronic devices and provide certification to the Company that you are in compliance with this sentence. For purposes of this Agreement, "Confidential Information" will mean all information respecting the business and activities of the Company or any Subsidiary, including, without limitation, the clients, customers, suppliers, employees, consultants, computer or other files, projects, products, computer disks or other media, computer hardware or computer software programs, marketing plans, financial information, methodologies, know-how, processes, practices, approaches, projections, forecasts, formats, systems, trade secrets, data gathering methods and/or strategies of the Company or any Subsidiary. Notwithstanding the immediately preceding sentence, Confidential Information will not include any information that is, or becomes, generally available to the public (unless such availability occurs as a result of your breach of any of your obligations under this Section 9). If you are in breach of any of the provisions of this Section 9 or if any such breach is threatened by you, in addition to and without limiting or waiving any other rights or remedies available to the Company at law or in equity, the Company shall be entitled to immediate injunctive relief in any court, domestic or foreign, having the capacity to grant such relief, without the necessity of posting a bond, to restrain any such breach or threatened breach and to enforce the provisions of this Section 9. You agree that there is no adequate remedy at law for any such breach or threatened breach and, if any action or proceeding is brought seeking injunctive relief, you will not use as a defense thereto that there is an adequate remedy at law.

10. Adjustments. The Restricted Stock Units and any related unpaid RSU Dividend Equivalents will be subject to adjustment pursuant to Section 4.2 of the Plan in such manner as the Plan Administrator, in its sole discretion, deems equitable and appropriate in connection with the occurrence of any of the events described in Section 4.2 of the Plan following the Grant Date.

11. Right of Offset. You hereby agree that the Company shall have the right to offset against its obligation to deliver shares of Common Stock, cash or other property under this Agreement to the extent that it does not constitute "non-qualified deferred compensation" pursuant to Section 409A, any outstanding amounts of whatever nature that you then owe to the Company or a Subsidiary.

12. Plan Administrator. For purposes of this Agreement, the term "Plan Administrator" means the Compensation Committee of the Board of Directors of the Company or any different committee appointed by the Board of Directors as described more fully in Section 3.1 of the Plan.

13. Restrictions Imposed by Law. Without limiting the generality of Section 10.8 of the Plan, the Company shall not be obligated to deliver any shares of Common Stock represented by vested Restricted Stock Units or securities constituting any unpaid RSU Dividend Equivalents if counsel to the Company determines that the issuance or delivery thereof would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which shares of Common Stock or such other securities are listed or quoted. The Company will in no event be obligated to take any affirmative action in order to cause the delivery of shares of Common Stock represented by vested Restricted Stock Units or securities constituting any unpaid RSU Dividend Equivalents to comply with any such law, rule, regulation, or agreement. Any certificates representing any such securities issued or delivered under this Agreement may bear such legend or legends as the Company deems appropriate in order to assure compliance with applicable securities laws.

14. Tax Representations. You hereby acknowledge that the Company has advised you that you should consult with your own tax advisors regarding the national, federal, state and other local or governmental tax consequences or social security costs and charges or similar contributions (wheresoever arising) of receiving the Award. You hereby represent to the Company that you are not relying on any statements or representations of the Company, its Affiliates or any of their respective agents with respect to the national, federal, state and other local or governmental tax consequences or social security costs and charges or similar contributions (wheresoever arising) of receiving the Award. If, in connection with the Award, the Company is required to withhold any amounts by reason of any national, federal, state and other local or governmental tax or social security costs and charges or similar contributions (wheresoever arising), such withholding shall be effected in accordance with Section 10.9 of the Plan and Section 5 (Mandatory Withholding for Taxes).

15. Notice . Unless the Company notifies you in writing of a different procedure or address, any notice or other communication to the Company with respect to this Agreement will be in writing and will be delivered personally or sent by first class mail, postage prepaid, to the address specified for the Company in Schedule I hereto. Any notice or other communication to you with respect to this Agreement will be provided to you electronically pursuant to the online grant and administration program or via email, unless the Company elects to notify you in writing, which will be delivered personally, or will be sent by first class mail, postage prepaid, to your address as listed in the records of the Company or any Subsidiary of the Company on the Grant Date, unless the Company has received written notification from you of a change of address.

16. Amendment. Notwithstanding any other provision hereof, this Agreement may be supplemented or amended from time to time as approved by the Plan Administrator as contemplated by Section 10.7(b) of the Plan. Without limiting the generality of the foregoing, without your consent:

(a) this Agreement may be amended or supplemented from time to time as approved by the Plan Administrator (i) to cure any ambiguity or to correct or supplement any provision herein that may be defective or inconsistent with any other provision herein, (ii) to add to the covenants and agreements of the Company for your benefit or surrender any right or power reserved to or conferred upon the Company in this Agreement, subject to any required approval of the Company's stockholders, and provided, in each case, that such changes or corrections will not adversely affect your rights with respect to the Award evidenced hereby (other than if immaterial), (iii) to reform the Award made hereunder as contemplated by Section 10.17 of the Plan or to exempt the Award made hereunder from coverage under Code Section 409A, or (iv) to make such other changes as the Company, upon advice of counsel, determines are necessary or advisable because of the adoption or promulgation of, or change in the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities laws; and

(b) subject to any required action by the Board of Directors or the stockholders of the Company, the Restricted Stock Units granted under this Agreement may be canceled by the Plan Administrator and a new Award made in substitution therefor, provided that the Award so substituted will satisfy all of the requirements of the Plan as of the date such new Award is made and no such action will adversely affect any Restricted Stock Units (other than if immaterial) to the extent then vested.

17. Employment. Nothing contained in the Plan or this Agreement, and no action of the Company or the Plan Administrator with respect thereto, will confer or be construed to confer on you any right to continue in the employ or service of the Company or any Subsidiary or interfere in any way with the right of the Company or any employing Subsidiary to terminate your employment or service at any time, with or without Cause, subject to the provisions of any employment or consulting agreement between you and the Company or any Subsidiary.

18. Nonalienation of Benefits. Except as provided in Section 8 (Nontransferability) and Section 11 (Right of Offset), (a) no right or benefit under this Agreement will be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same will be void, and (b) no right or benefit hereunder will in any manner be subjected to or liable for the debts, contracts, liabilities or torts of you or other person entitled to such benefits.

19. No Effect on Other Benefits. Any payments made pursuant to this Agreement will not be counted as compensation for purposes of any other employee benefit plan, program or agreement sponsored, maintained or contributed to by the Company or a Subsidiary unless expressly provided for in such employee benefit plan, program, agreement, or arrangement.

20. Governing Law; Venue. This Agreement will be governed by, and construed in accordance with, the internal laws of the State designated in Section 10.13 of the Plan. Each party irrevocably submits to the general jurisdiction of the state and federal courts located in the State of Colorado and in the State of Delaware in any action to interpret or enforce this Agreement and irrevocably waives any objection to jurisdiction that such party may have based on inconvenience of forum.

21. Waiver. No waiver by the Company at any time of any breach by you of, or compliance with, any term or condition of this Agreement or the Plan to be performed by you shall be deemed a waiver of the same term or condition, or of any similar or any dissimilar term or condition, whether at the same time or at any prior or subsequent time.

22. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any term or condition hereof shall not affect the validity or enforceability of the other terms and conditions set forth herein.

23. Construction. References in this Agreement to "this Agreement" and the words "herein," "hereof," "hereunder" and similar terms include all Exhibits and Schedules attached hereto, including the Plan. All references to "Sections" in this Agreement shall be to Sections of this Agreement unless explicitly stated otherwise. The word "include" and all variations thereof are used in an illustrative sense and not in a limiting sense. All decisions of the Plan Administrator upon questions regarding the Plan or this Agreement will be conclusive. Unless otherwise expressly stated herein, in the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan will control. The headings of the sections of this Agreement have been included for convenience of reference only, are not to be considered a part hereof and will in no way modify or restrict any of the terms or provisions hereof.

24. Rules by Plan Administrator. The Plan Administrator, in its discretion and as contemplated by Section 3.3 of the Plan, may adopt rules and regulations it deems consistent with the terms of the Plan and as necessary or advisable in its operation and administration of the Plan and this Award. You acknowledge and agree that your rights and the obligations of the Company hereunder will be subject to any further conditions and such reasonable rules and regulations as the Plan Administrator may adopt from time to time.

25. Entire Agreement. This Agreement is in satisfaction of and in lieu of all prior discussions and agreements, oral or written, between the Company and you regarding the Award. You and the Company hereby declare and represent that no promise or agreement not expressed herein has been made and that this Agreement contains the entire agreement between the parties hereto with respect to the Award and replaces and makes null and void any prior agreements between you and the Company regarding the Award. Subject to the restrictions set forth in Sections 8 (Nontransferability) and 18 (Nonalienation of Benefits), this Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

26. Acknowledgment. You will signify acceptance of the terms and conditions of this Agreement by acknowledging the acceptance of this Agreement via the procedures described in the online grant and administration program utilized by the Company. By your electronic acknowledgment of the Restricted Stock Units, you are acknowledging the terms and conditions of the Award set forth in this Agreement as though you and the Company had signed an original copy of the Agreement.

27. Code Section 409A . The Awards made hereunder are intended to be "short-term deferrals" exempt from Section 409A and this Agreement shall be interpreted and administered accordingly. Notwithstanding the foregoing, to the extent that Section 409A of the Code or the related regulations and Treasury pronouncements ("Section 409A") are applicable to you in connection with the Award, this Award is subject to the provisions of Section 10.17 of the Plan regarding Section 409A and each payment under this Agreement shall be treated as a separate payment under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the Award or the Plan shall be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to the Award or the Plan. If this Agreement fails to meet the requirements of Section 409A, neither the Company nor any of its Affiliates shall have any liability for any tax, penalty or interest imposed on you by Section 409A, and you shall have no recourse against the Company or any of its Affiliate for payment of any such tax, penalty or interest imposed by Section 409A.

28. Forfeiture for Misconduct and Repayment of Certain Amounts. If (a) a material restatement of any financial statement of the Company (including any consolidated financial statement of the Company and its consolidated Subsidiaries) is required and (b) in the reasonable judgment of the Plan Administrator, (i) such restatement is due to material noncompliance with any financial reporting requirement under applicable securities laws and (ii) such noncompliance is a result of misconduct on your part, you will repay to the Company Forfeitable Benefits you received during the Misstatement Period in such amount as the Plan Administrator may reasonably determine, taking into account, in addition to any other factors deemed relevant by the Plan Administrator, the extent to which the market value of Common Stock during the Misstatement Period was affected by the error(s) giving rise to the need for such restatement. "Forfeitable Benefits" means (A) any and all cash and/or shares of Common Stock you received (I) upon the exercise during the Misstatement Period of any Options and SARs you held or (II) upon the payment during the Misstatement Period of any Cash Award or Performance Award you held, the value of which is determined in whole or in part with reference to the value of Common Stock, and (B) any proceeds you received from the sale, exchange, transfer or other disposition during the Misstatement Period of any shares of Common Stock you received upon the exercise, vesting or payment during the Misstatement Period of any Award you held. By way of clarification, "Forfeitable Benefits" will not include any shares of Common Stock you received upon vesting of any Restricted Stock Units during the Misstatement Period that are not sold, exchanged, transferred or otherwise disposed of during the Misstatement Period. "Misstatement Period" means the 12-month period beginning on the date of the first public issuance or the filing with the Securities and Exchange Commission, whichever occurs earlier, of the financial statement requiring restatement. Further, in the event that the Plan Administrator, in its reasonable judgment, determines that you breached Section 9 (Confidential Information) or any other non-competition or non-solicitation provisions included in this Agreement, the Plan Administrator may require you to forfeit, return or repay to the Company (X) all or any portion of the Restricted Stock Units, and any and all rights with respect to any such Restricted Stock Units (including any related RSU Dividend Equivalents), (Y) any shares of Common Stock or cash received upon the settlement of any Restricted Stock Units (and any related RSU Dividend Equivalents) during the 12-month period prior to such breach or any time after such breach occurs and (Z) any proceeds realized on the sale of any shares of Common Stock received upon the settlement of any Restricted Stock Units (and any related RSU Dividend Equivalents) during the 12-month period prior to such breach or any time after such breach occurs. For the avoidance of doubt, any such forfeiture, return or repayment will not limit, restrict or otherwise affect your continuing obligations under Section 9 (Confidential Information) or any other non-competition or non-solicitation provisions included in this Agreement, or the Company's right to seek injunctive relief or any other relief in the event of your breach of Section 9 (Confidential Information) or any other non-competition or non-solicitation provisions included in this Agreement.

29. Changes to Forfeiture Provisions and Policies. Please note Section 28 (Forfeiture for Misconduct and Repayment of Certain Amounts), which reflects an important policy of the Company. The Plan Administrator has determined that Awards made under the Plan (including the Award represented by this Agreement) are subject to forfeiture and recoupment in certain circumstances. By accepting this Award, you agree that the Plan Administrator may change the Forfeiture section of any or all of the grant agreements (including this Agreement) from time to time without your further consent to reflect changes in law, government regulation, stock exchange listing requirements or Company policy.

30. Additional Conditions and Restrictions. You may be subject to additional conditions and restrictions. If a Schedule II is attached hereto, the additional conditions and restrictions specified therein are considered part of this Agreement.

31. Administrative Blackouts. In addition to its other powers under the Plan, the Plan Administrator has the authority to suspend any transactions under the Plan as it deems necessary or appropriate for administrative reasons.

32. Stock Ownership Guidelines. This Award may be subject to any applicable stock ownership guidelines adopted by the Company, as amended or superseded from time to time.

33. Company Information. You can access the Company's most recent annual, quarterly and current reports as filed with the Securities and Exchange Commission on the Company's website specified in Schedule I hereto. Please refer to these reports as well as the Company's future filings with the Securities and Exchange Commission (also available on the Company's website) for important information regarding the Company and its Common Stock.

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Schedule I
to

Performance-Based Restricted Stock Units Agreement

[Insert Grant Code]

Grant Date:	[____________]
Issuer/Company:	Qurate Retail, Inc., a Delaware corporation
Plan:	Qurate Retail, Inc. 2020 Omnibus Incentive Plan, as amended from time to time
Common Stock:	Qurate Retail, Inc. Series A Common Stock
Award:	Notwithstanding Section 2 of this Agreement, the number of performance-based Restricted Stock Units set forth in the notice of online grant delivered to you pursuant to the Company's online grant and administration program represents the target number of Restricted Stock Units (the "Target RSUs"), and you have the opportunity to earn between 0% and 150% of the Target RSUs, each representing the right to receive one share of the type of Common Stock specified in such notice of online grant, subject to the conditions and restrictions set forth in this Agreement and in the Plan.
Performance Period:	The period that began on January 1, 2021 and ends on December 31, 2021
Performance Objectives:	Notwithstanding Section 3(a)(i) of this Agreement, the Plan Administrator will certify the extent to which the Target RSUs vest within the parameters described above (the date as of which such certification is made, the "Certification Date") based on the Plan Administrator's assessment in its sole discretion (after input from the Company's Chairman of the Board) of your satisfaction of the performance objectives set forth in the 2021 Performance Equity Program approved by the Plan Administrator on [______], 2021, the material terms of which have been provided to you.
Overriding Definitions:	For purposes of this Agreement, notwithstanding Section 1 of this Agreement: "Cause" has the meaning specified in the Employment Agreement.
Additional Definitions:	For purposes of this Agreement: "Change of Control of QVC" has the meaning specified in Section 9.G(iv) of the Employment Agreement.

"Employment Agreement" means the Employment Agreement between you and QVC, Inc., effective as of the 16th day of December, 2015, as amended effective as of November 17, 2020 as the same may be amended from time to time.

"Protected Termination" has the meaning specified in the Employment Agreement.

"QVC" means QVC, Inc., a Delaware corporation that is a wholly-owned subsidiary of the Company.

"Release Condition" means the requirements set forth in Section 9.H of the Employment Agreement that you deliver a "Release" (as defined in the Employment Agreement) in accordance with such Section in order to receive certain benefits upon a termination of your employment pursuant to Section 9.A., Section 9.C., Section 9.E. or Section 9.G. of the Employment Agreement.

Vesting Terms upon Protected Termination prior to end of Performance Period:	Notwithstanding Section 3(d)(i) of the Agreement, if your employment with the Company or its Subsidiaries terminates prior to the end of the Performance Period pursuant to a Protected Termination (other than a Protected Termination pursuant to Section 9.G (Protected Termination Following a Change of Control of QVC) of the Employment Agreement) and the Release Condition is timely met in accordance with the Employment Agreement, the Restricted Stock Units will remain outstanding until the Certification Date and will thereafter vest in accordance with Section 3(a) as if you had remained actively employed with the Company or its Subsidiaries from the Grant Date through the Certification Date to the extent the Plan Administrator certifies they have vested in accordance with such Section.
Vesting Terms upon Protected Termination after the end of the Performance Period:	Notwithstanding Section 3(d)(ii) of the Agreement, if you remain employed with the Company or a Subsidiary until the last day of the Performance Period, and your employment is then terminated by the Company or a Subsidiary, as applicable, pursuant to a Protected Termination on or after the last day of the Performance Period, but prior to the Certification Date, the Restricted Stock Units will remain outstanding until the Certification Date and will thereafter vest in accordance with Section 3(a) as if you had remained actively employed with the Company or its Subsidiaries from the Grant Date through the Certification Date to the extent the Plan Administrator certifies they have vested in accordance with such Section.

Vesting Terms upon Protected Termination Following a Change of Control of QVC:	Notwithstanding Section 3(d)(i) or Section 3(d)(v) of the Agreement, if your employment with the Company or its Subsidiaries is terminated prior to the Certification Date in a Protected Termination pursuant to Section 9.G (Protected Termination Following a Change of Control of QVC) of the Employment Agreement and the Release Condition is timely met in accordance with the Employment Agreement, the Target RSUs will vest effective as of the date of such termination of employment.
Vesting Terms upon Death or Termination by Reason of Disability:	Notwithstanding Section 3(d)(iii) of the Agreement, the Target RSUs will vest if your employment with the Company or its Subsidiaries is terminated prior to the Certification Date by reason of your Disability or your death only if the Release Condition is timely met in accordance with the Employment Agreement, and if the Release Condition is not so timely met, the Restricted Stock Units will be forfeited.
Company Notice Address:	Qurate Retail, Inc. 12300 Liberty Boulevard Englewood, Colorado 80112 Attn: Chief Legal Officer
Company Website:	www.qurateretail.com
Plan Access:	You can access the Plan via the link at the end of the Agreement or by contacting Qurate Retail, Inc.'s Legal Department.

Exhibit 31.1

CERTIFICATION

I, Michael A. George, certify that:

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

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly 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 quarterly 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 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d) disclosed in this quarterly 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 functions):

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: August 6, 2021

/s/ MICHAEL A. GEORGE

Michael A. George
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Brian J. Wendling, certify that:

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

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly 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 quarterly 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 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d) disclosed in this quarterly 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 functions):

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: August 6, 2021

/s/ BRIAN J. WENDLING

Brian J. Wendling
Chief Accounting Officer and Principal Financial 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 Quarterly Report on Form 10-Q for the period ended June 30, 2021 (the "Form 10-Q") 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-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2021	/s/ MICHAEL A. GEORGE
	Michael A. George *Chief Executive Officer*
Date: August 6, 2021	/s/ BRIAN J. WENDLING
	Brian J. Wendling *Chief Accounting Officer and Principal Financial 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-Q 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

June 30, 2021

(unaudited)

amounts in millions

Qurate Retail Net Assets	$	3,912
Reconciling items:		
Zulily, llc ("Zulily") net assets		(602)
Cornerstone Brands, Inc. ("Cornerstone") net assets (1)		(184)
Equity investment in Cornerstone held by Liberty LLC (1)		64
Tax sharing agreement with Liberty Broadband Corporation ("Liberty Broadband")		109
Preferred Stock liability (2)		1,260
Preferred restricted stock unit liability (2)		34
Accrued preferred dividends payable (2)		4
Liberty LLC Net Assets	$	4,597
Qurate Retail Net Earnings	$	474
Reconciling items:		
Zulily net (earnings) loss		24
Cornerstone net (earnings) loss (1)		(48)
Cornerstone equity method investment share of earnings (loss)		18
Liberty Broadband tax sharing expense		13
Accrued preferred dividends payable (2)		50
Liberty LLC Net Earnings	$	531

(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.

(2) On September 14, 2020, Qurate Retail issued the 8.0% Series A Cumulative Redeemable Preferred Stock, par value $0.01 per share (the "Preferred Stock"). Holders of the Preferred Stock are entitled to receive quarterly cash dividends at a fixed rate of 8.0% per year on a cumulative basis, beginning December 15, 2020 and thereafter on each of March 15, June 15, September 15 and December 15 during the term. As the Preferred Stock is subject to unconditional mandatory redemption in cash and was issued in the form of a share, Qurate Retail concluded the Preferred Stock was a mandatorily redeemable financial instrument and should be classified as a liability in the condensed consolidated balance sheets.