



qurate

RETAIL. INC.

2020 ANNUAL REPORT
2021 PROXY STATEMENT



Qurate Retail, Inc. brands meet their customers whenever, wherever and however they want to engage across traditional, new, and emerging platforms.



BALLARD DESIGNS | FRONTGATE™

Garnet Hill | grandinroad.

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FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding business, product and marketing strategies; the novel coronavirus (**COVID-19**); a series of initiatives announced in October 2018 designed to better position our HSN and QVC U.S. businesses; new service offerings; revenue growth at QVC; synergies; the recoverability of goodwill and other intangible assets; projected sources and uses of cash; repayment of debt; fluctuations in interest rates and foreign currency exchange rates; and the anticipated impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. In particular, statements in our “Letter to Shareholders” and under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Quantitative and Qualitative Disclosures About Market Risk” contain forward-looking statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- the impact of the 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 the “Brexit” withdrawal of the United Kingdom from the European Union;
- 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.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Annual Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events,

conditions or circumstances on which any such statement is based. When considering such forward-looking statements, you should keep in mind any risk factors identified and other cautionary statements contained in this Annual Report and in our publicly filed documents, including our most recent Forms 10-K and 10-Q. Such risk factors and statements describe circumstances which could cause actual results to differ materially from those contained in any forward-looking statement.

LETTER TO SHAREHOLDERS

April 2021

Dear Fellow Shareholders:

As you know, this is my last year as President and CEO. What a privilege it has been to lead this company over the last 16 years, working alongside extraordinary team members dedicated to advancing the wonderful legacies of our founders.

Thanks to the innovation and commitment of our team members and vendor partners, the engagement and loyalty of our customers, and the support of our communities and investors, Qurate Retail is a world leader in video commerce, a top-10 ecommerce retailer in North America, and a leader in streaming, mobile, and social. Together, our seven brands served more than 22 million customers worldwide in 2020 and generated nearly two-thirds of our combined revenue via our websites and apps.

Over the years, we have gone from answering questions about why our video commerce model is still relevant, to watching others try to become “the QVC of...” (a pretty clear endorsement of the relevance of our model), to, finally, a recognition that (i) QVC and HSN have been leading video commerce for years on virtually every platform where people consume video, and (ii) the unique combination of assets, capabilities, and expertise that we’ve assembled—over decades—is virtually impossible to replicate, let alone at the speed today’s unforgiving retail environment demands.

Evolution of Our Company

HSN was the original TV shopping channel, followed by QVC. The two brands defined live video commerce, while each leveraged its video expertise to expand into ecommerce, mobile, social, and streaming. Meanwhile, Zulily launched and grew its unique, personalized ecommerce platform, and the Cornerstone Brands—Ballard Designs, Garnet Hill, Grandin Road, and Frontgate—introduced and expanded their interactive aspirational lifestyle brands.

We began to join forces in 2015, when we welcomed Zulily to the global QVC Group, adding an exciting digitally native retail platform with a large customer base centered on young moms. Two years later, we welcomed HSN, adding scale and expertise in video commerce, and the Cornerstone Brands, adding merchandising and digital savvy in home and apparel.

Early in 2018, we relaunched as Qurate Retail, a select group of leading retail brands, combining the best of retail, media, and social to curate products, experiences, conversations, and communities for millions of highly discerning shoppers. We offered consumers a Third Way to Shop®, one that uniquely combined the energy, inspiration, storytelling, and relationship-building of the best neighborhood shopkeeper with the efficiency, ease, access, and personalization of the best ecommerce players. And we have continued to innovate together from there.

Evolution of Video Commerce

Amidst the pandemic, livestream shopping seemed to appear out of nowhere as an ideal solution for reaching stay-at-home consumers. We see this much-talked-about trend as a fantastic endorsement of the video shopping business model we invented 40 years ago.

Over the years, QVC and HSN expanded from two TV networks in the US to five, while investing in prominent channel positions, adding HD programming, and launching shop by remote. Outside of the US, QVC entered new markets and expanded to nine TV networks. We were the first broadcaster in Japan to offer programming in native, ultra-high definition 4K, and we added augmented reality in several markets. Our worldwide TV platform—and the huge audiences it continues to attract—will remain powerful business drivers, even as traditional cable TV subscriptions slowly decline.

We also have a long history of digital innovation—starting in the mid-1990s when we launched our first website. We were an early adopter of mobile and quickly emerged as an industry leader; we were one of the first broadcasters to simulcast on Facebook Live soon after its launch; we began livestreaming over Roku back in 2013; and more recently, we’ve leaned into new social formats like IGTV, TikTok, and Facebook Live Shopping.

We’ve taken advantage of these new platforms—and many others—to create storytelling formats that engage customers in new ways. In 2020, our teams created more than 20 original series on streaming and social platforms, including “Travel, Cook, Repeat with Curtis Stone,” featuring this Michelin-starred chef on the QVC/HSN streaming service and “Pretty Educated,” which taps our beauty vendor community on social. And we continue to add personalization to our experiences so viewers can find the content that’s relevant for them.

At the same time, we have evolved our merchandising capabilities to stay at the forefront of product discovery in a world of increasing choice—attracting such prestigious brands as Jason Wu; expanding our proprietary design, development, and sourcing capabilities to create new brands like South Street Loft; partnering with social influencers

such as Hunter McGrady to create exclusive product lines; and launching entrepreneur brands such as Mented Cosmetics through our Big Find product search.

Today, we are a video commerce ecosystem, centered on great products, interesting stories, and increasingly personalized experiences, and deployed over cutting-edge distribution platforms that attract millions of customers. Amidst our decades of evolution, one constant is the resiliency and loyalty of our multi-million-strong customer base. While other companies struggle with how to produce high-quality content at scale, how to attract audiences at reasonable cost, how to convert viewers to buyers, or how to distribute orders efficiently, we continue to move ahead.

While I'm proud of all these achievements, I am most proud of how our team came together during a year of crisis and tragedy to make a difference. Our team rallied around our customers when they needed us the most, providing them a place of refuge, conversation, and inspiration. The response has been overwhelming, with record levels of new customers joining us across all our brands.

Our team also supported each other and our communities. They donated their time and talents, and the reach of our platforms, to celebrate small businesses and raise desperately needed funds for food relief. They joined the fight for racial justice, challenging us to do more to create an inclusive and welcoming environment for all team members, customers, and partners.

We are committed to using the power of our platforms to inspire a more sustainable way to retail: intentionally inclusive, entrepreneurially driven, responsibly curated, and waste-smart. We recently made public commitments across three broad arenas that support this aspiration: Protecting Our Environment, Championing Empowerment and Belonging, and Curating Product Responsibly.

A Look Forward

Our strong financial and customer results in 2020 reflect the intersection of opportunity and effort: opportunity created by this stay-at-home environment, and years of effort and investment to build the platforms and capabilities we enjoy today. This positions us well to extend our industry leadership for years to come.

The pandemic has accelerated longstanding trends and created some new ones. Comfort with online shopping, use of video streaming services, and engagement on social platforms are at all-time highs, and these in turn are fueling a steady rise in livestream shopping. At the same time, the pandemic has brought about a renewed focus on creating a comfortable, productive, and inspiring home life, as work becomes more flexible and less office based. This added time at home is both fueling demand for home related merchandise and further increasing consumer engagement with live TV and digital video content. Trusted personalities and social influencers will continue to expand their roles in purchase decisions. And an ever-growing portion of consumers will demand that retailers and brands be everywhere they are, with relevant, engaging, video-rich experiences, seamlessly integrated across virtual and physical touchpoints.

These massive shifts in consumer behavior perfectly align with the strengths of our business model and the strategic investments we have made. We bring four unique capabilities to this evolving digital and home-based lifestyle:

Unmatched Digital Video Ecosystem

No other retailer comes close to replicating the video platform we have built, with vast, efficient reach across major arenas:

- Pay TV, with presence on nearly all major cable and satellite providers across seven countries;
- Free Over-the-Air TV, with universal carriage in most of our countries;
- Digital Livestreaming TV, on pay streaming services like YouTube TV and Hulu+ Live TV, free streaming services like Pluto TV, XUMO, and Comcast Flex, and smart TV streaming services including VIZIO SmartCast, Samsung TV Plus, and LG Channel Plus;
- Interactive Streaming Shopping Services, featuring multiple QVC and HSN networks and extensive on-demand content, available on Roku, Amazon Fire TV, the LG Shop Time app, and others;
- Social Streaming, with extensive presence on Facebook Live, YouTube, and Instagram, and a growing presence on TikTok; and
- QVC and HSN websites and apps, which integrate extensive live feeds and on-demand videos throughout the shopping experience.

Scale and Resources

Retailing is a resource-intensive business, and we can operate efficiently at scale by leveraging:

- Thousands of buyers around the world on the hunt for amazing curated discoveries;

- Extensive global design, development, and sourcing capabilities to translate great ideas into compelling merchandise;
- Multiple state-of-the-art studios in five countries producing more live content than any other major broadcaster;
- A fulfillment network across QVC and HSN that shipped approximately 240 million packages last year;
- A treasure trove of customer data to inform our decisions; and
- An extensive retail, media, and ecommerce technology platform.

Unique Customer Experience That Creates Lasting Relationships

We've spent 40 years refining the art and science of telling engaging stories through the medium of live video shopping, complemented today by extensive on-demand content, in ways that inform and inspire, drive impulse and urgency, build trust and lasting relationships, and bring viewers and visitors back to our platforms nearly every day to see what's new or just to enjoy the conversation with trusted hosts and influencers.

Large Base of Savvy, Engaged, and Highly Loyal Shoppers

This unique experience in turn drives remarkable customer longevity and engagement, and we can promise any brand who comes on our platforms the opportunity to tell their story directly to the world's most engaged shoppers. Our Best Customers at QVC US, representing approximately 70% of our sales, visit our websites 33 times per month and watch our TV programming 19 days per month, engage extensively on our social platforms, purchase 69 items annually, and retain at an astounding rate of 99%. These metrics have been remarkably stable—year after year.

Qurate Retail is well positioned for this moment—a world leader in video commerce, ecommerce, mobile commerce, and social commerce, with a special combination of talent and assets, present everywhere our customers, prospects, and partners want us to be.

As I consider the transition coming at the end of the year, I find myself filled with gratitude and confidence—gratitude for the opportunity to be a part of this incredible organization that is Qurate Retail, working alongside remarkable team members, vendor partners, and investors, with the strong support and encouragement of Greg and the Liberty team, who've championed our journey at every step; and confidence in the exciting outlook for our company as our team continues to drive the video-centric future of retail.

Chairman Remarks

I want to thank Mike for his excellent stewardship and partnership over these remarkable years. Under his leadership, the team has grown and evolved the business and defied all 'bear cases' that have come our way—the analog to digital shift, rise of mobile, proliferation of ecommerce, fears of cord cutting etc. While results over the last few years have been choppy as we navigated the changes Mike outlined, we appreciate our decades-long and continued trajectory of growth, industry leading margins and robust free cash generation.

We are especially grateful to Mike and his team this past year for their brilliant leadership and execution in such challenging times. We look forward to updating you on his successor.

Investors often ask how they should 'comp' Qurate Retail. We are in the fortunate and unfortunate position of having no direct comparison—attractively sitting at the intersection of multiple industries: retail, media and ecommerce. We're a unique amalgam, and we benefit from the best attributes of all three.

In 2020, we chose to think creatively about capital allocation after many years of candidly lackluster returns on our stock buybacks, mostly due to declines in the multiple. We distributed a new high-yielding preferred instrument to shareholders, returned excess cash through two special dividends, managed near-term debt maturities and reinstated our repurchases against a more levered common equity. As of the writing of this letter, the composite equity is up over 70% compared to its pre-distribution price in August 2020. We are getting increased attention from existing and new shareholders alike who can't overlook the attractive free cash yield afforded to this unique business.

We look forward to seeing many of you at this year's annual Investor Day on November 18th. Whether in person or online, we hope you will join us. Thank you for the many ways you have supported our team in 2020 and over the years.

Very truly yours,



Michael A. George
President & Chief Executive Officer

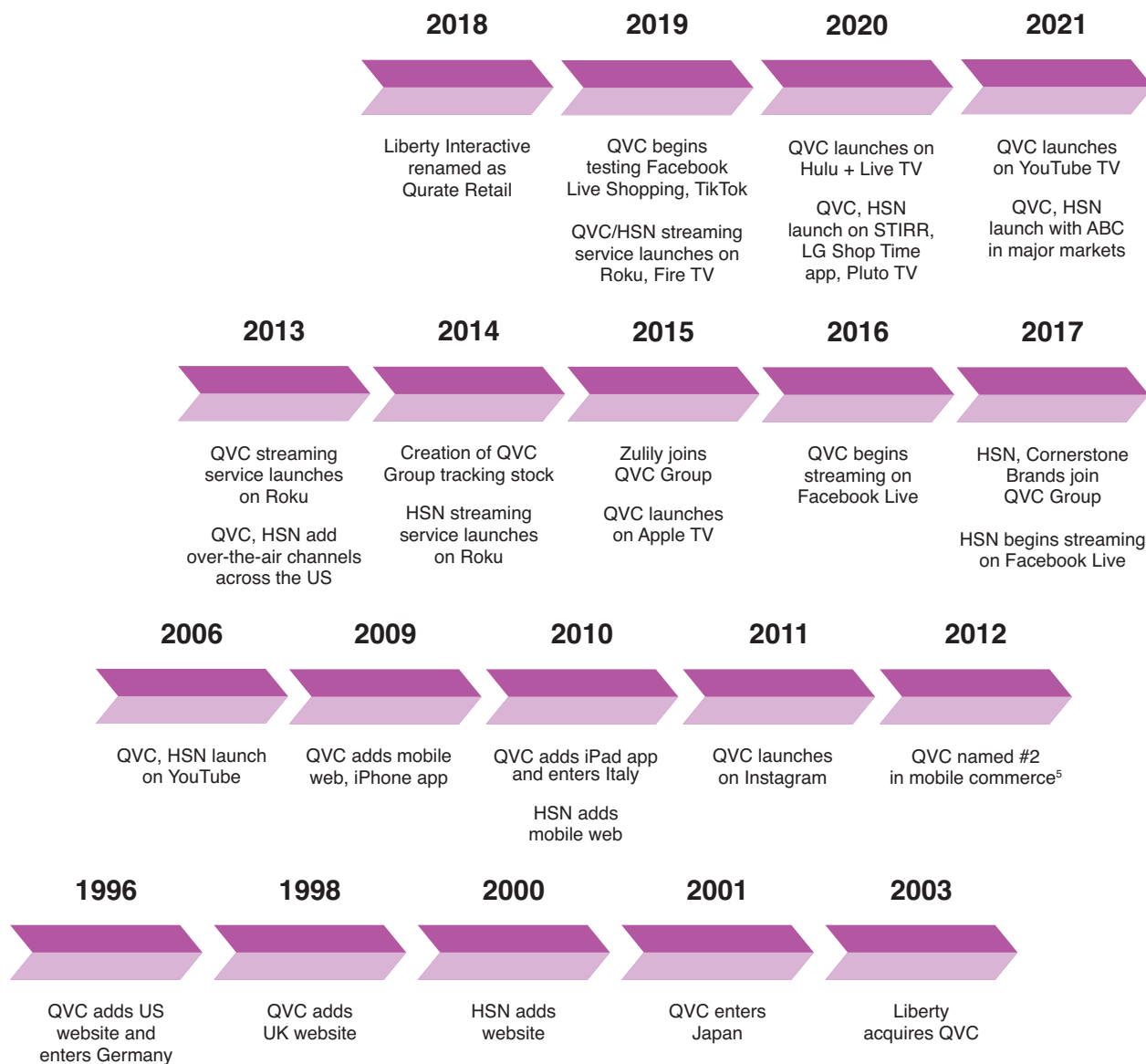


Gregory B. Maffei
Executive Chairman of the Board

From QVC to Qurate Retail: 25 Years of Video Commerce Evolution

Qurate Retail Today¹

22M+ customers
14 TV channels; multiple streaming, mobile, social, and web platforms
\$14.2B in annual revenue²
ecommerce 63% of total sales³
Mobile 65% of QxH ecommerce sales⁴



QVC in 1995⁶

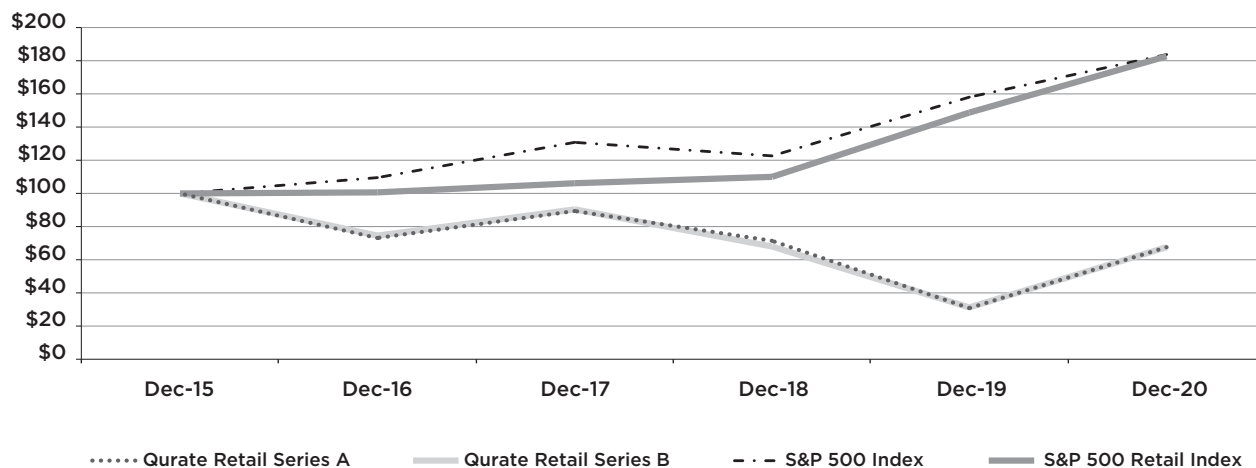
~5 million customers
2 TV channels, no digital platforms
\$1.8B in revenue

1) Data as of FY 2020 2) QVC's joint venture in China is not included in QVC consolidated results 3) Based on net revenue 4) Based on gross US Dollar orders
5) Among multi-category retailers, according to Internet Retailer 6) Data as of FY 1995, QVC was founded in 1986, HSN began broadcasting in 1981

STOCK PERFORMANCE

The following graph compares the percentage change in the cumulative total stockholder return on an investment in Qurate Retail Series A and Series B common stock (formerly referred to as the Series A and Series B QVC Group common stock) from December 31, 2015 through December 31, 2020 to the percentage change in the cumulative total return on the S&P 500 Index and the S&P 500 Retail Index. This chart includes the impact of (i) the special dividend of 0.03 of a share of Qurate Retail's newly-created preferred stock per share of common stock which was distributed to shareholders in September 2020, and (ii) the distribution of special cash dividends, assuming reinvestment of the cash proceeds into our common stock.

**QURATE RETAIL COMMON STOCK VS. S&P 500 and S&P 500 RETAIL INDICES
12/31/15 TO 12/31/20**



	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20
Qurate Retail Series A	\$100.00	\$ 73.13	\$ 89.39	\$ 71.45	\$ 30.86	\$ 67.59
Qurate Retail Series B	\$100.00	\$ 74.56	\$ 90.39	\$ 68.01	\$ 31.26	\$ 67.59
S&P 500 Index	\$100.00	\$109.54	\$130.81	\$122.65	\$158.07	\$183.77
S&P 500 Retail Index	\$100.00	\$100.65	\$106.16	\$110.01	\$148.77	\$182.71

Note: Trading data for the Series B shares is limited as they are thinly traded.

INVESTMENT SUMMARY

(Based on publicly available information as of January 31, 2021) Qurateretail.com/overview/asset-list.html

The following table sets forth some of Qurate Retail, Inc.'s assets which may be held directly and indirectly through partnerships, joint ventures, common stock investments and/or instruments convertible into common stock. Ownership percentages in the table are approximate and, where applicable, assume conversion to common stock by Qurate Retail, Inc. and, to the extent known by Qurate Retail, Inc., other holders. In some cases, Qurate Retail, Inc.'s interest may be subject to buy/sell procedures, repurchase rights or dilution.

QURATE RETAIL, INC.			
ENTITY	DESCRIPTION OF OPERATING BUSINESS	ATTRIBUTED SHARE COUNT⁽¹⁾ (in millions)	ATTRIBUTED OWNERSHIP⁽²⁾
Brit Media, Inc. (Brit + Co)	Online lifestyle platform offering content, e-classes and ecommerce to millennial women.	N/A	5%
comScore	Global information and analytics company that measures advertising, content, and the consumer audiences across media platforms.	27.5	17% ⁽³⁾
Cornerstone Brands	Cornerstone is comprised of interactive, aspirational home and apparel lifestyle brands including Frontgate, Ballard Designs, Garnet Hill and Grandin Road.	N/A	100%
Liberty Technology Venture Capital II, LLC	Investment fund focused on Israeli technology companies.	N/A	80%
NetBase Solutions, Inc.	Social media analytics platform that global companies use to run brands, build businesses, and connect with consumers every second. NetBase platform processes millions of social media posts daily for actionable business insights for marketing research, customer service, sales, PR, and product innovation.	N/A	3%
QVC, Inc.	QVC delivers the joy of discovery through the power of relationships and combines the best of retail, media and social to create an engaging shopping experience. Every day, QVC engages millions of shoppers in a journey of discovery through an ever-changing collection of familiar brands and fresh new products, from home and fashion to beauty, electronics and jewelry. QVC, Inc. includes QVC U.S., QVC International and HSN.	N/A	100%
Zulily, LLC	Zulily is an online retailer that launches a new store on its mobile apps and website every day. By creating an immersive and entertaining shopping experience featuring hundreds of sales and thousands of products at great prices, Zulily invites shoppers around the world to discover a wide assortment of curated products for themselves, their families, and their homes.	N/A	100%

1) Applicable only for publicly-traded entities.

2) Represents undiluted ownership interest.

3) comScore ownership on an as-converted basis as of March 15, 2021.



12300 Liberty Boulevard
Englewood, Colorado 80112
(720) 875-5300

April 14, 2021

Dear Stockholder:

You are cordially invited to attend the 2021 annual meeting of stockholders of Qurate Retail, Inc. (**Qurate Retail**) to be held at 8:15 a.m., Mountain time, on May 25, 2021. Due to concerns about the coronavirus, this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting www.virtualshareholdermeeting.com/QR12021. To enter the annual meeting, you will need the 16-digit control number that is printed on your Notice of Internet Availability of Proxy Materials or proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that you are logged in when the meeting starts. Online check-in will start shortly before the meeting on May 25, 2021.

At the annual meeting, you will be asked to consider and vote on the proposals described in the accompanying notice of annual meeting and proxy statement, as well as on such other business as may properly come before the meeting.

Your vote is important, regardless of the number of shares you own. Whether or not you plan to attend the annual meeting, please read the enclosed proxy materials and then promptly vote via the Internet or telephone or by completing, signing and returning the proxy card if you received a paper copy of the proxy materials by mail. Doing so will not prevent you from later revoking your proxy or changing your vote at the meeting.

Thank you for your cooperation and continued support and interest in Qurate Retail.

Very truly yours,

A handwritten signature in black ink that reads "Mike George".

Michael A. George
President and Chief Executive Officer

The Notice of Internet Availability of Proxy Materials is first being mailed on or about April 15, 2021, and the proxy materials relating to the annual meeting will first be made available on or about the same date.

QURATE RETAIL, INC.

12300 Liberty Boulevard
Englewood, Colorado 80112
(720) 875-5300

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be Held on May 25, 2021

NOTICE IS HEREBY GIVEN of the annual meeting of stockholders of Qurate Retail, Inc. (**Qurate Retail**) to be held at 8:15 a.m., Mountain time, on May 25, 2021. Due to concerns about the coronavirus (**COVID-19**), this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting www.virtualshareholdermeeting.com/QRI2021. To enter the annual meeting, you will need the 16-digit control number that is printed on your Notice of Internet Availability of Proxy Materials or proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that you are logged in when the meeting starts. Online check-in will start shortly before the meeting on May 25, 2021. At the annual meeting, you will be asked to consider and vote on the following proposals:

1. A proposal (which we refer to as the **election of directors proposal**) to elect Richard N. Barton, Michael A. George and Gregory B. Maffei to continue serving as Class II members of our board until the 2024 annual meeting of stockholders or their earlier resignation or removal; and
2. A proposal (which we refer to as the **auditors ratification proposal**) to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2021.

You may also be asked to consider and vote on such other business as may properly come before the annual meeting.

Holders of record of our Series A common stock, par value \$0.01 per share, and Series B common stock, par value \$0.01 per share, in each case, outstanding as of 5:00 p.m., New York City time, on March 31, 2021, the **record date** for the annual meeting, will be entitled to notice of the annual meeting and to vote at the annual meeting or any adjournment or postponement thereof. These holders will vote together as a single class on each proposal. A list of stockholders entitled to vote at the annual meeting will be available at our offices at 12300 Liberty Boulevard, Englewood, Colorado 80112 for review by our stockholders for any purpose germane to the annual meeting for at least ten days prior to the annual meeting. If you have any questions with respect to accessing this list, please contact Qurate Retail Investor Relations at (866) 876-0461. The holders of record of our 8% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share (**QRTEP**), are not entitled to any voting powers, except as specified in the Certificate of Designations relating to QRTEP or as required by Delaware law, and may not vote on the proposals to be presented at the annual meeting.

We describe the proposals in more detail in the accompanying proxy statement. We encourage you to read the proxy statement in its entirety before voting.

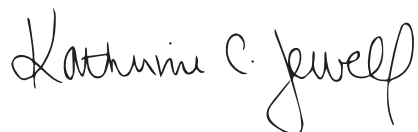
Our board of directors has unanimously approved each proposal for inclusion in the proxy materials and recommends that you vote “**FOR**” the election of each director nominee and “**FOR**” the auditors ratification proposal.

Votes may be cast electronically during the annual meeting via the Internet or by proxy prior to the meeting by telephone, via the Internet, or by mail.

Important Notice Regarding the Availability of Proxy Materials For the Annual Meeting of Stockholders to be Held on May 25, 2021: our Notice of Annual Meeting of Stockholders, Proxy Statement, and 2020 Annual Report to Stockholders are available at www.proxyvote.com.

YOUR VOTE IS IMPORTANT. Voting promptly, regardless of the number of shares you own, will aid us in reducing the expense of any further proxy solicitation in connection with the annual meeting.

By order of the board of directors,

A handwritten signature in black ink that reads "Katherine C. Jewell". The signature is written in a cursive style with a large, looped 'J' at the end.

Katherine C. Jewell
Assistant Vice President and Secretary

Englewood, Colorado
April 14, 2021

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE VOTE PROMPTLY VIA TELEPHONE OR ELECTRONICALLY VIA THE INTERNET. ALTERNATIVELY, PLEASE COMPLETE, SIGN AND RETURN THE PROXY CARD IF YOU RECEIVED A PAPER COPY OF THE PROXY MATERIALS BY MAIL.

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PROXY STATEMENT SUMMARY

2021 ANNUAL MEETING OF STOCKHOLDERS

WHEN

8:15 a.m., Mountain time, on
May 25, 2021

WHERE

The annual meeting can be
accessed virtually via the Internet
by visiting
www.virtualshareholdermeeting.com/QR12021

RECORD DATE

5:00 p.m., New York City time, on
March 31, 2021

PROXY VOTING

Stockholders of record on the record date are entitled to vote by proxy in the following ways:



By calling 1-800-690-6903
(toll free) in the United States or
Canada



Online at
www.proxyvote.com



By returning a properly
completed, signed and dated
proxy card

ITEMS OF BUSINESS

1. Election of directors proposal—To elect Richard N. Barton, Michael A. George and Gregory B. Maffei to continue serving as Class II members of our board until the 2024 annual meeting of stockholders or their earlier resignation or removal.
2. Auditors ratification proposal—To ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2021.

Such other business as may properly come before the annual meeting.

WHO MAY VOTE

Holders of shares of QRTEA and QRTEB. Holders of shares of QRTEP are NOT eligible to vote at the annual meeting.

ANNUAL MEETING AGENDA AND VOTING RECOMMENDATIONS

Proposal	Voting Recommendation	Page Reference (for more detail)
Election of directors proposal	✓ FOR EACH NOMINEE	9
Auditors ratification proposal	✓ FOR	15

QURATE RETAIL, INC.

a Delaware corporation

12300 Liberty Boulevard
Englewood, Colorado 80112
(720) 875-5300

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

We are furnishing this proxy statement in connection with the board of directors' solicitation of proxies for use at our 2021 Annual Meeting of Stockholders to be held at 8:15 a.m., Mountain time, on May 25, 2021, or at any adjournment or postponement of the annual meeting. Due to concerns about COVID-19, this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting www.virtualshareholdermeeting.com/QRI2021. At the annual meeting, we will ask you to consider and vote on the proposals described in the accompanying Notice of Annual Meeting of Stockholders. The proposals are described in more detail in this proxy statement. We are soliciting proxies from holders of our Series A common stock, par value \$0.01 per share (**QRTEA**), and Series B common stock, par value \$0.01 per share (**QRTEB**). The holders of our 8% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share (**QRTEP**), are not entitled to any voting powers, except as specified in the Certificate of Designations relating to QRTEP or as required by Delaware law, and may not vote on the proposals to be presented at the annual meeting. We refer to QRTEA and QRTEB together as our **common stock**. We refer to our common stock together with QRTEP as our **capital stock**.

THE ANNUAL MEETING

NOTICE AND ACCESS OF PROXY MATERIALS

We have elected, in accordance with the Securities and Exchange Commission's "Notice and Access" rule, to deliver a Notice of Internet Availability of Proxy Materials (the **Notice**) to our stockholders and to post our proxy statement and our annual report to our stockholders (collectively, the **proxy materials**) electronically. The Notice is first being mailed to our stockholders on or about April 15, 2021. The proxy materials will first be made available to our stockholders on or about the same date.

The Notice instructs you how to access and review the proxy materials and how to submit your proxy via the Internet. The Notice also instructs you how to request and receive a paper copy of the proxy materials, including a proxy card or voting instruction form, at no charge. We will not mail a paper copy of the proxy materials to you unless specifically requested to do so.

ELECTRONIC DELIVERY

Registered stockholders may elect to receive future notices and proxy materials by e-mail. To sign up for electronic delivery, go to www.proxyvote.com. Stockholders who hold shares through a bank, brokerage firm or other nominee may sign up for electronic delivery when voting by Internet at www.proxyvote.com, by following the prompts. Also, stockholders who hold shares through a bank, brokerage firm or other nominee may sign up for electronic delivery by contacting their nominee. Once you sign up, you will not receive a printed copy of the notices and proxy materials, unless you request them. If you are a registered stockholder, you may suspend electronic delivery of the notices and proxy materials at any time by contacting our transfer agent, Broadridge, at (888) 789-8461 (outside the United States (626) 427-6421). Stockholders who hold shares through a bank, brokerage firm or other nominee should contact their nominee to suspend electronic delivery.

TIME, PLACE AND DATE

The annual meeting of stockholders is to be held at 8:15 a.m., Mountain time, on May 25, 2021. Due to concerns about COVID-19, this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting www.virtualshareholdermeeting.com/QRI2021. To enter the annual meeting, you will need the 16-digit control number that is printed on your Notice or proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that you are logged in when the meeting starts. Online check-in will start shortly before the meeting on May 25, 2021.

PURPOSE

At the annual meeting, you will be asked to consider and vote on each of the following:

- the election of directors proposal, to elect Richard N. Barton, Michael A. George and Gregory B. Maffei to continue serving as Class II members of our board until the 2024 annual meeting of stockholders or their earlier resignation or removal; and
- the auditors ratification proposal, to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2021.

You may also be asked to consider and vote on such other business as may properly come before the annual meeting, although we are not aware at this time of any other business that might come before the annual meeting.

QUORUM

In order to conduct the business of the annual meeting, a quorum must be present. This means that the holders of at least a majority of the aggregate voting power represented by the shares of our common stock outstanding on the record date and entitled to vote at the annual meeting must be represented at the annual meeting either in person or by proxy. Virtual attendance at the annual meeting also constitutes presence in person for purposes of quorum at the meeting. For purposes of determining a quorum, your shares will be included as represented at the meeting even if you indicate on your proxy that you abstain from voting. If a broker, who is a record holder of shares, indicates on a form of proxy that the broker does not have discretionary authority to vote those shares on a particular proposal or proposals, or if those shares are voted in circumstances in which proxy authority is defective or has been withheld, those shares (**broker non-votes**) will nevertheless be treated as present for purposes of determining the presence of a quorum. See “— Voting Procedures for Shares Held in Street Name—Effect of Broker Non-Votes” below.

WHO MAY VOTE

Holders of shares of our common stock, as recorded in our stock register as of 5:00 p.m., New York City time, on March 31, 2021 (such date and time, the **record date** for the annual meeting), will be entitled to notice of the annual meeting and to vote at the annual meeting or any adjournment or postponement thereof.

VOTES REQUIRED

Each director nominee who receives a plurality of the combined voting power of the outstanding shares of our common stock present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors at the annual meeting, voting together as a single class, will be elected to office.

Approval of the auditors ratification proposal requires the affirmative vote of a majority of the combined voting power of the outstanding shares of our common stock that are present in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class.

Virtual attendance at the annual meeting also constitutes presence in person for purposes of each required vote.

VOTES YOU HAVE

At the annual meeting, holders of shares of QRTEA will have one vote per share and holders of shares of QRTEB will have ten votes per share, in each case, that our records show are owned as of the record date. Holders of QRTEP will NOT be eligible to vote at the annual meeting.

RECOMMENDATION OF OUR BOARD OF DIRECTORS

Our board of directors has unanimously approved each of the proposals for inclusion in the proxy materials and recommends that you vote **“FOR”** the election of each director nominee and **“FOR”** the auditors ratification proposal.

SHARES OUTSTANDING

As of the record date, 382,235,148 shares of QRTEA and 29,353,492 shares of QRTEB were issued and outstanding and entitled to vote at the annual meeting.

NUMBER OF HOLDERS

There were, as of the record date, 2,307 and 65 record holders of QRTEA and QRTEB, respectively (which amounts do not include the number of stockholders whose shares are held of record by banks, brokers or other nominees, but include each such institution as one holder).

VOTING PROCEDURES FOR RECORD HOLDERS

Holders of record of our common stock as of the record date may vote via the Internet at the annual meeting or prior to the annual meeting by telephone or through the Internet. Alternatively, if they received a paper copy of the proxy materials by mail, they may give a proxy by completing, signing, dating and returning the proxy card by mail.

Holders of record may vote their shares electronically during the meeting via the Internet by visiting www.virtualshareholdermeeting.com/QR12021. To enter the annual meeting, holders will need the 16-digit control number that is printed on their Notice or proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that they are logged in when the meeting starts. Online check-in will start shortly before the meeting on May 25, 2021.

Instructions for voting prior to the annual meeting by using the Internet are printed on the Notice or the proxy voting instructions attached to the proxy card. In order to vote prior to the annual meeting through the Internet, holders should have their Notices or proxy cards available so they can input the required information from the Notice or proxy card, and log onto the Internet website address shown on the Notice or proxy card. When holders log onto the Internet website address, they will receive instructions on how to vote their shares. The Internet voting procedures are designed to authenticate votes cast by use of a personal identification number, which will be provided to each voting stockholder separately. Unless subsequently revoked, shares of our common stock represented by a proxy submitted as described herein and received at or before the annual meeting will be voted in accordance with the instructions on the proxy.

YOUR VOTE IS IMPORTANT. It is recommended that you vote by proxy even if you plan to attend the annual meeting. You may change your vote at the annual meeting.

If you submit a properly executed proxy without indicating any voting instructions as to a proposal enumerated in the Notice of Annual Meeting of Stockholders, the shares represented by the proxy will be voted **“FOR”** the election of each director nominee and **“FOR”** the auditors ratification proposal.

If you submit a proxy indicating that you abstain from voting as to a proposal, it will have no effect on the election of directors proposal and will have the same effect as a vote **“AGAINST”** the auditors ratification proposal.

If you do not submit a proxy or you do not vote at the annual meeting, your shares will not be counted as present and entitled to vote for purposes of determining a quorum, and your failure to vote will have no effect on determining whether any of the proposals are approved (if a quorum is present).

VOTING PROCEDURES FOR SHARES HELD IN STREET NAME

General

If you hold your shares in the name of a broker, bank or other nominee, you should follow the instructions provided by your broker, bank or other nominee when voting your shares or to grant or revoke a proxy. The rules and regulations of the New York Stock Exchange and The Nasdaq Stock Market LLC (**Nasdaq**) prohibit brokers, banks and other nominees from voting shares on behalf of their clients without specific instructions from their clients with respect to numerous matters, including, in our case, the election of directors proposal. Accordingly, to ensure your shares held in street name are voted on these matters, we encourage you to provide promptly specific voting instructions to your broker, bank or other nominee.

Effect of Broker Non-Votes

Broker non-votes are counted as shares of our common stock present and entitled to vote for purposes of determining a quorum but will have no effect on any of the proposals. You should follow the directions your broker, bank or other nominee provides to you regarding how to vote your shares of common stock or how to change your vote or revoke your proxy.

VOTING PROCEDURES FOR SHARES HELD IN THE LIBERTY MEDIA 401(K) SAVINGS PLAN

If you hold QRTEA shares through your account in the Liberty Media 401(k) Savings Plan, the trustee for such plan is required to vote your shares as you specify. To allow sufficient time for the trustee to vote your shares, your voting instructions must be received by 11:59 p.m., New York City time, on May 20, 2021. To vote such shares, please follow the instructions provided by the trustee for such plan.

REVOKING A PROXY

If you submitted a proxy prior to the start of the annual meeting, you may change your vote by attending the annual meeting online and voting via the Internet at the annual meeting or by delivering a signed proxy revocation or a new signed proxy with a later date to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Any signed proxy revocation or later-dated proxy must be received before the start of the annual meeting. In addition, you may change your vote through the Internet or by telephone (if you originally voted by the corresponding method) not later than 11:59 p.m., New York City time, on May 24, 2021 for shares held directly and 11:59 p.m., New York City time, on May 20, 2021 for shares held in the Liberty Media 401(k) Savings Plan.

Your attendance at the annual meeting will not, by itself, revoke a prior vote or proxy from you.

If your shares are held in an account by a broker, bank or other nominee, you should contact your nominee to change your vote or revoke your proxy.

SOLICITATION OF PROXIES

We are soliciting proxies by means of our proxy materials on behalf of our board of directors. In addition to this mailing, our employees may solicit proxies personally or by telephone. We pay the cost of soliciting these proxies. We also reimburse brokers and other nominees for their expenses in sending the Notice and, if requested, paper proxy materials to you and getting your voting instructions.

If you have any further questions about voting or attending the annual meeting, please contact Qurate Retail Investor Relations at (866) 876-0461 or Broadridge at (888) 789-8461 (outside the United States (626) 427-6421).

OTHER MATTERS TO BE VOTED ON AT THE ANNUAL MEETING

Our board of directors is not currently aware of any business to be acted on at the annual meeting other than that which is described in the Notice of Annual Meeting of Stockholders and this proxy statement. If, however, other matters are properly brought to a vote at the annual meeting, the persons designated as proxies will have discretion to vote or to act on these matters according to their best judgment. In the event there is a proposal to adjourn or postpone the annual meeting, the persons designated as proxies will have discretion to vote on that proposal.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information concerning shares of our capital stock beneficially owned by each person or entity known by us to own more than five percent of the outstanding shares of each series of our capital stock. All of such information is based on publicly available filings, unless otherwise known to us from other sources.

The security ownership information is given as of February 28, 2021 and, in the case of percentage ownership information, is based upon (1) 381,048,032 QRTEA shares, (2) 29,366,492 QRTEB shares and (3) 12,513,799 QRTEP shares, in each case, outstanding on that date. The percentage voting power is presented on an aggregate basis for all QRTEA and QRTEB shares.

Name and Address of Beneficial Owner	Title of Series	Amount and Nature of Beneficial Ownership	Percent of Series (%)	Voting Power (%)
John C. Malone c/o Qurate Retail, Inc. 12300 Liberty Boulevard Englewood, CO 80112	QRTEA	1,199,802 ⁽¹⁾	*	41.2
	QRTEB	27,655,931 ⁽¹⁾	94.2	
	QRTEP	865,555 ⁽¹⁾	6.9	
Gregory B. Maffei c/o Qurate Retail, Inc. 12300 Liberty Boulevard Englewood, CO 80112	QRTEA	5,160,845 ⁽²⁾	1.4	6.3
	QRTEB	3,919,413 ⁽²⁾	12.0	
	QRTEP	164,373 ⁽²⁾	1.3	
Dodge & Cox 555 California Street 40th Floor San Francisco, CA 94104	QRTEA	59,343,040 ⁽³⁾	15.6	8.4
	QRTEB	—	—	
	QRTEP	—	—	
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	QRTEA	34,681,568 ⁽⁴⁾	9.1	*
	QRTEB	—	—	
	QRTEP	—	—	
Ameriprise Financial, Inc. 145 Ameriprise Financial Center Minneapolis, MN 55474	QRTEA	22,609,716 ⁽⁵⁾	5.9	2.2
	QRTEB	—	—	
	QRTEP	—	—	

* Less than one percent

- (1) Information with respect to shares of our capital stock beneficially owned by Mr. Malone, a director of our board, is also set forth in “— Security Ownership of Management.”
- (2) Information with respect to shares of our capital stock beneficially owned by Mr. Maffei, our Chairman of the Board, is also set forth in “— Security Ownership of Management.”
- (3) Based on Amendment No. 4 to Schedule 13G, filed February 11, 2021, by Dodge & Cox, which states that, with respect to QRTEA, Dodge & Cox has sole voting power over 56,635,070 shares and sole dispositive power over 59,343,040 shares.
- (4) Based on Amendment No. 4 to Schedule 13G, filed February 10, 2021, by The Vanguard Group (**Vanguard**), which states that, with respect to QRTEA, Vanguard has shared voting power over 271,882 shares, sole dispositive power over 34,085,163 shares and shared dispositive power over 596,405 shares.
- (5) Based on Schedule 13G, filed February 12, 2021, jointly by Ameriprise Financial, Inc. (**Ameriprise**) and Columbia Management Investment Advisers, LLC (**Columbia**), which states that, with respect to QRTEA, Ameriprise has shared voting power over 15,033,592 shares and shared dispositive power over 22,609,716 shares and Columbia has shared voting power over 13,851,020 shares and shared dispositive power over 21,416,810 shares.

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth information with respect to the ownership by each of our directors and named executive officers (as defined herein) and by all of our directors and executive officers as a group of shares of QRTEA, QRTEB and QRTEP. The security ownership information with respect to our capital stock is given as of February 28, 2021 and, in the case of percentage ownership information, is based upon (1) 381,048,032 QRTEA shares, (2) 29,366,492 QRTEB shares and (3) 12,513,799 QRTEP shares, in each case, outstanding on that date. The percentage voting power is presented in the table below on an aggregate basis for all QRTEA and QRTEB shares.

Shares of capital stock issuable upon exercise or conversion of options, warrants and convertible securities that were exercisable or convertible on or within 60 days after February 28, 2021 are deemed to be outstanding and to be beneficially owned by the person holding the options, warrants or convertible securities for the purpose of computing the percentage ownership of that person and for the aggregate percentage owned by the directors and named executive officers as a group, but are not treated as outstanding for the purpose of computing the percentage ownership of any other individual person. For purposes of the following presentation, beneficial ownership of shares of QRTEB, though convertible on a one-for-one basis into shares of QRTEA, are reported as beneficial ownership of QRTEB only, and not as beneficial ownership of QRTEA. So far as is known to us, the persons indicated below have sole voting and dispositive power with respect to the shares indicated as owned by them, except as otherwise stated in the notes to the table.

The number of shares indicated as owned by the persons in the table includes interests in shares held by the Liberty Media 401(k) Savings Plan as of February 28, 2021. The shares held by the trustee of the Liberty Media 401(k) Savings Plan for the benefit of these persons are voted as directed by such persons.

Name	Title of Series	Amount and Nature of Beneficial Ownership (In thousands)	Percent of Series (%)	Voting Power (%)
Gregory B. Maffei Chairman of the Board and Director	QRTEA	5,160 ⁽¹⁾⁽²⁾	1.4	6.3
	QRTEB	3,919 ⁽¹⁾	12.0	
	QRTEP	164 ⁽³⁾	1.3	
Michael A. George President, Chief Executive Officer and Director	QRTEA	6,376 ⁽¹⁾	1.7	*
	QRTEB	—	—	
	QRTEP	80	*	
John C. Malone Director	QRTEA	1,200 ⁽³⁾⁽⁴⁾⁽⁵⁾	*	41.2
	QRTEB	27,656 ⁽⁴⁾⁽⁶⁾⁽⁷⁾	94.2	
	QRTEP	866 ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	6.9	
Richard N. Barton Director	QRTEA	141 ⁽¹⁾⁽⁸⁾	*	*
	QRTEB	—	—	
	QRTEP	** ⁽⁸⁾	*	
Fiona P. Dias Director	QRTEA	33 ⁽⁹⁾	*	*
	QRTEB	—	—	
	QRTEP	** ⁽⁹⁾	*	
M. Ian G. Gilchrist Director	QRTEA	125 ⁽¹⁾	*	*
	QRTEB	—	—	
	QRTEP	—	—	
Evan D. Malone Director	QRTEA	69	*	*
	QRTEB	—	—	
	QRTEP	2	*	
David E. Rapley Director	QRTEA	94 ⁽¹⁾	*	*
	QRTEB	—	—	
	QRTEP	**	*	
Larry E. Romrell Director	QRTEA	195 ⁽¹⁾	*	*
	QRTEB	**	*	
	QRTEP	1 ⁽¹⁾	*	

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Name	Title of Series	Amount and Nature of Beneficial Ownership (In thousands)	Percent of Series (%)	Voting Power (%)
Mark C. Vadon Director	QRTEA	464 ⁽¹⁾	*	*
	QRTEB	—	—	
	QRTEP	**	*	
Andrea L. Wong Director	QRTEA	70 ⁽¹⁾	*	*
	QRTEB	—	—	
	QRTEP	1	*	
Renee L. Wilm Chief Legal Officer and Chief Administrative Officer	QRTEA	4	*	*
	QRTEB	—	—	
	QRTEP	**	*	
Brian J. Wendling Chief Accounting Officer and Principal Financial Officer	QRTEA	337 ⁽¹⁾	*	*
	QRTEB	—	—	
	QRTEP	5	*	
Albert E. Rosenthaler Chief Corporate Development Officer	QRTEA	844 ⁽¹⁾⁽³⁾	*	*
	QRTEB	—	—	
	QRTEP	5 ⁽³⁾	*	
All directors and executive officers as a group (14 persons)	QRTEA	15,112 ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁸⁾⁽⁹⁾	3.9	46.4
	QRTEB	31,576 ⁽¹⁾⁽⁴⁾⁽⁶⁾⁽⁷⁾	96.8	
	QRTEP	1,127 ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁸⁾⁽⁹⁾	9.0	

* Less than one percent

** Less than 1,000 shares

(1) Includes beneficial ownership of shares that may be acquired upon exercise of, or which relate to, stock options exercisable within 60 days after February 28, 2021.

	QRTEA	QRTEB	QRTEP
Gregory B. Maffei	352,707	3,243,486	—
Michael A. George	3,970,283	—	—
Richard N. Barton	140,623	—	—
M. Ian G. Gilchrist	124,634	—	—
David E. Rapley	77,921	—	—
Larry E. Romrell	155,846	—	1,204
Mark C. Vadon	451,398	—	—
Andrea L. Wong	27,746	—	—
Brian J. Wendling	265,727	—	—
Albert E. Rosenthaler	657,191	—	—
Total	<u>6,224,076</u>	<u>3,243,486</u>	<u>1,204</u>

(2) Includes 1,749,497 QRTEA shares pledged to Morgan Stanley Private Bank, National Association in connection with a loan facility.

(3) Includes shares held in the Liberty Media 401(k) Savings Plan as follows:

	QRTEA	QRTEP
Gregory B. Maffei	14,189	279
John C. Malone	5,896	64
Albert E. Rosenthaler	27,318	554
Total	<u>47,403</u>	<u>897</u>

(4) Includes 376,260 QRTEA shares, 852,358 QRTEB shares and 129,357 QRTEP shares held by Mr. Malone's wife, Mrs. Leslie Malone, as to which shares Mr. Malone has disclaimed beneficial ownership.

(5) Includes (i) 800,000 QRTEA shares and 722,367 QRTEP shares pledged to Merrill Lynch, Pierce, Fenner & Smith Incorporated (**Merrill Lynch**) in connection with a margin loan facility, (ii) 17,646 QRTEA shares pledged to Fidelity Brokerage Services, LLC (**Fidelity**) in connection with a margin loan facility and (iii) 376,260 QRTEA shares and 27,357 QRTEP shares pledged to Merrill Lynch in connection with a margin loan facility.

(6) Includes 458,946 QRTEB shares and 13,767 QRTEP shares held by two trusts which are managed by an independent trustee, of

which the beneficiaries are Mr. Malone's adult children and in which Mr. Malone has no pecuniary interest. Mr. Malone retains the right to substitute assets held by the trusts and has disclaimed beneficial ownership of the shares held by the trusts.

- (7) In February 1998, in connection with the settlement of certain legal proceedings relative to the Estate of Bob Magness, the late founder and former Chairman of the Board of Tele-Communications, Inc. (**TCI**), TCI entered into a call agreement with Mr. Malone and Mr. Malone's wife. In connection with the acquisition by AT&T Corp. (**AT&T**) of TCI, TCI assigned Qurate Retail's predecessor its rights under this call agreement. We have since succeeded to these rights. As a result, we have the right, under certain circumstances, to acquire QRTEB shares owned by the Malones. The call agreement also prohibits the Malones from disposing of their QRTEB shares, except for certain exempt transfers (such as transfers to related parties or public sales of up to an aggregate of 5% of their shares of QRTEB after conversion to shares of QRTEA) and except for transfers made in compliance with our call rights.
- (8) Includes 66 QRTEA shares and 1 QRTEP share held by the Barton Descendants' Trust 12/30/2004 over which Mr. Barton has investment power but not voting power.
- (9) Includes 9,045 restricted stock units with respect to QRTEA shares, 269 restricted stock units with respect to QRTEP shares, and 3,460 dividend equivalent stock unit rights with respect to QRTEA shares. Upon the completion of our acquisition of HSN, Inc., Qurate Retail assumed Ms. Dias's outstanding deferred stock units with respect to HSN, Inc. common stock and converted such deferred stock units into 9,045 restricted stock units with respect to QRTEA shares and dividend equivalent rights have subsequently accrued on such restricted stock units in connection with special dividends paid on Qurate Retail's common stock and quarterly dividends paid on QRTEP. Ms. Dias's restricted stock units and dividend equivalent stock unit rights will vest upon her termination of service from the board of directors.

CHANGES IN CONTROL

We know of no arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in control of our company.

PROPOSALS OF OUR BOARD

The following proposals will be presented at the annual meeting by our board of directors.

PROPOSAL 1—THE ELECTION OF DIRECTORS PROPOSAL

BOARD OF DIRECTORS

Our board of directors currently consists of eleven directors, divided among three classes. Our Class II directors, whose term will expire at the 2021 annual meeting, are Richard N. Barton, Michael A. George and Gregory B. Maffei. These directors are nominated for election to our board to continue serving as Class II directors, and we have been informed that Messrs. Barton, George and Maffei are each willing to continue serving as a director of our company. The term of the Class II directors who are elected at the annual meeting will expire at the annual meeting of our stockholders in the year 2024. Our Class III directors, whose term will expire at the annual meeting of our stockholders in the year 2022, are John C. Malone, M. Ian G. Gilchrist, Mark C. Vadon and Andrea L. Wong. Our Class I directors, whose term will expire at the annual meeting of our stockholders in the year 2023, are Fiona P. Dias, Evan D. Malone, David E. Rapley and Larry E. Romrell.

If any nominee should decline election or should become unable to serve as a director of our company for any reason before election at the annual meeting, votes will be cast by the persons appointed as proxies for a substitute nominee, if any, designated by the board of directors.

The following lists the three nominees for election as directors at the annual meeting and the eight directors of our company whose term of office will continue after the annual meeting, and includes as to each person how long such person has been a director of our company, such person's professional background, other public company directorships and other factors considered in the determination that such person possesses the requisite qualifications and skills to serve as a member of our board of directors. For additional information on our board's evaluation of director candidates or incumbent directors seeking re-election, see "Management and Governance Matters—Committees of the Board of Directors—Nominating and Corporate Governance Committee—Director Candidate Identification Process." All positions referenced in the biographical information below with our company include, where applicable, positions with our predecessors. The number of shares of our capital stock beneficially owned by each director is set forth in this proxy statement under the caption "Security Ownership of Certain Beneficial Owners and Management."

Nominees for Election as Directors

Richard N. Barton

- Age: 53
- A director of our company.
- *Professional Background:* Mr. Barton has served as a director of our company since December 2016. Mr. Barton is a co-founder and has been Chief Executive Officer of Zillow Group, Inc. (**Zillow Group**) since February 2019 and was also its Chief Executive Officer from December 2004 to September 2010. Mr. Barton also co-founded Glassdoor, Inc. (**Glassdoor**) and served as its Non-Executive Chairman from June 2007 through June 2018. Mr. Barton served as a venture partner at Benchmark Capital, a venture capital firm, from 2005 through 2018. Mr. Barton founded Expedia as a group within Microsoft Corporation (**Microsoft**) in 1994, which was spun out as Expedia, Inc. in 1999. Mr. Barton served as Expedia, Inc.'s Chief Executive Officer and President from 1999 to 2003.
- *Other Public Company Directorships:* Mr. Barton has been a member of Zillow Group's board of directors since its founding in December of 2004 and was its Executive Chairman from September 2010 to February 2019. Mr. Barton has served on the board of directors of Netflix, Inc. since 2002, Altimeter Growth Corp. since September 2020, and Altimeter Growth Corp. 2 since January 2021 and served as Non-Executive Chairman of Glassdoor from June 2007 through June 2018. Mr. Barton also served on the board of directors of Expedia, Inc. from 1999 to 2003. Mr. Barton served on the board of directors of Ticketmaster from December 2001 to August 2002.
- *Board Membership Qualifications:* Mr. Barton brings to our board a broad range of relevant leadership and technical skills resulting from his roles as a founder and former chief executive officer of companies in the

mobile and Internet industries. Mr. Barton also provides experience in launching and promoting new technologies and marketing internet-based products to consumers.

Michael A. George

- Age: 59
- Chief Executive Officer, President and a director of our company.
- *Professional Background:* Mr. George has served as Chief Executive Officer and President of our company since March 2018 and as a director of our company since September 2011. He has served as the President of QVC, Inc. (**QVC**), a subsidiary of our company, since November 2005 and as its Chief Executive Officer since April 2006. Mr. George also serves on the board of directors of several non-profit organizations. Mr. George previously held various positions with Dell, Inc. (**Dell**) from March 2001 to November 2005, most notably as the chief marketing officer and general manager of Dell's U.S. consumer business.
- *Other Public Company Directorships:* Mr. George has served as a director of Ralph Lauren Corporation since May 2018 and served as a director of Brinker International, Inc. from March 2013 to November 2019.
- *Board Membership Qualifications:* Mr. George brings to our board significant experience with commerce, retail and technology businesses based on his current executive position with QVC and his prior experience with Dell, as well as in his capacity as a senior partner at McKinsey & Company, Inc. His background and executive experience assist the board in evaluating strategic opportunities in the e-commerce and retail industries.

Gregory B. Maffei

- Age: 60
- Chairman of the Board and a director of our company.
- *Professional Background:* Mr. Maffei has served as Chairman of the Board of our company since March 2018 and as a director of our company since November 2005. He has also served as our company's President and Chief Executive Officer from February 2006 to March 2018 and CEO-Elect from November 2005 through February 2006. Mr. Maffei has served as the President and Chief Executive Officer and a director of Liberty Media Corporation (**Liberty Media**) (including its predecessor) since May 2007, Liberty TripAdvisor Holdings, Inc. (**Liberty TripAdvisor**) since July 2013, Liberty Broadband Corporation (**Liberty Broadband**) since June 2014 and Liberty Media Acquisition Corporation (**LMAC**) since November 2020. Mr. Maffei also served as the President and Chief Executive Officer of GCI Liberty, Inc. (**GCI Liberty**) from March 2018 until its combination with Liberty Broadband in December 2020. Prior thereto, Mr. Maffei served as President and Chief Financial Officer of Oracle Corporation (**Oracle**), Chairman, President and Chief Executive Officer of 360networks Corporation (**360networks**), and Chief Financial Officer of Microsoft.
- *Other Public Company Directorships:* Mr. Maffei has served as (i) a director of Liberty Media (including its predecessor) since May 2007, (ii) a director of Liberty TripAdvisor since July 2013 and as its Chairman of the Board since June 2015, (iii) a director of Liberty Broadband since June 2014 and (iv) a director of LMAC since November 2020. He has served as (i) the Chairman of the Board of Sirius XM Holdings Inc. (**Sirius XM**) since April 2013 and as a director since March 2009, (ii) the Chairman of the Board of Live Nation Entertainment, Inc. (**Live Nation**) since March 2013 and as a director since February 2011, (iii) the Chairman of the Board of TripAdvisor, Inc. since February 2013, (iv) a director of Charter Communications, Inc. (**Charter**) since May 2013 and (v) a director of Zillow Group since February 2015, having previously served as a director of its predecessor, Zillow, Inc., from May 2005 to February 2015. Mr. Maffei served as (i) a director of GCI Liberty from March 2018 until December 2020, (ii) Chairman of the Board of Starz from January 2013 until its acquisition by Lions Gate Entertainment Corp. in December 2016, (iii) a director of Barnes & Noble, Inc. from September 2011 to April 2014, (iv) a director of Electronic Arts, Inc. from June 2003 to July 2013, (v) a director of DIRECTV and its predecessors from February 2008 to June 2010 and (vi) the Chairman of the Board of Pandora Media, Inc. from September 2017 to February 2019.
- *Board Membership Qualifications:* Mr. Maffei brings to our board significant financial and operational experience based on his current senior policy making positions at our company, LMAC, Liberty Media, Liberty TripAdvisor and Liberty Broadband, and his previous executive positions at GCI Liberty, Oracle, 360networks and Microsoft, as well as his public company board experience. He provides our board with an

executive leadership perspective on the strategic planning for, and operations and management of, large public companies and risk management principles.

Directors Whose Term Expires in 2022

John C. Malone

- *Age:* 80
- A director of our company.
- *Professional Background:* Mr. Malone has served as a director of our company, including its predecessors, since its inception in 1994, and served as our company's Chairman of the Board from its inception in 1994 to March 2018 and Chief Executive Officer from August 2005 to February 2006. Mr. Malone served as Chairman of the Board of TCI from November 1996 until March 1999, when it was acquired by AT&T, and as Chief Executive Officer of TCI from January 1994 to March 1997.
- *Other Public Company Directorships:* Mr. Malone has served as (i) Chairman of the Board of Liberty Media (including its predecessor) since August 2011 and as a director since December 2010, (ii) the Chairman of the Board of Liberty Broadband since November 2014, (iii) the Chairman of the Board of Liberty Global plc (**LGP**) since June 2013, having previously served as Chairman of the Board of Liberty Global, Inc. (**LGI**), LGP's predecessor, from June 2005 to June 2013, Chairman of the Board of LGI's predecessor, Liberty Media International, Inc. (**LMI**) from March 2004 to June 2005 and a director of UnitedGlobalCom, Inc., now a subsidiary of LGP, from January 2002 to June 2005 and (iv) a director of Discovery Inc., which was formerly known as Discovery Communications, Inc. (**Discovery Communications**), since September 2008 and a director of Discovery Communications' predecessor, Discovery Holding Company, from May 2005 to September 2008 and as Chairman of the Board from March 2005 to September 2008. Previously, he served as (i) Chairman of the Board of GCI Liberty from March 2018 until December 2020, (ii) a director of Liberty Latin America Ltd. from December 2017 to December 2019, (iii) Chairman of the Board of Liberty Expedia Holdings, Inc. (**Liberty Expedia**) from November 2016 to July 2019 (iv) a director of Lions Gate Entertainment Corp. from March 2015 to September 2018, (v) a director of Charter from May 2013 to July 2018, (vi) a director of Expedia, Inc. from December 2012 to December 2017, having previously served as a director from August 2005 to November 2012, (vii) Chairman of the Board of Liberty TripAdvisor from August 2014 to June 2015, (viii) a director of Sirius XM from April 2009 to May 2013, (ix) a director of Ascent Capital Group, Inc. from January 2010 to September 2012, (x) a director of Live Nation from January 2010 to February 2011, (xi) Chairman of the Board of DIRECTV and its predecessors from February 2008 to June 2010 and (xii) a director of IAC/InterActiveCorp from May 2006 to June 2010.
- *Board Membership Qualifications:* Mr. Malone, as President of TCI, co-founded our former parent company and is considered one of the preeminent figures in the media and telecommunications industry. He is well known for his sophisticated problem solving and risk assessment skills.

M. Ian G. Gilchrist

- *Age:* 71
- A director of our company.
- *Professional Background:* Mr. Gilchrist has served as a director of our company since July 2009. Mr. Gilchrist served as a director and the President of Trine Acquisition Corp. from March 2019 to December 2020. Mr. Gilchrist held various officer positions including Managing Director at Citigroup/Salomon Brothers from 1995 to 2008, CS First Boston Corporation from 1988 to 1995, and Blyth Eastman Paine Webber from 1982 to 1988 and served as a Vice President of Warburg Paribas Becker Incorporated from 1976 to 1982. Previously, he worked in the venture capital field and as an investment analyst.
- *Other Public Company Directorships:* Mr. Gilchrist has served as a director of Liberty Media (including its predecessor) since September 2011. Mr. Gilchrist served as a director of Trine Acquisition Corp. from March 2019 to December 2020.
- *Board Membership Qualifications:* Mr. Gilchrist's field of expertise is in the media and telecommunications sector, having been involved with companies in this industry during much of his 32 years as an investment banker. Mr. Gilchrist brings to our board significant financial expertise and a unique perspective on the company

and the media and telecommunications sector. He is also an important resource with respect to the financial services firms that our company engages from time to time.

Mark C. Vadon

- *Age:* 51
- A director of our company.
- *Professional Background:* Mr. Vadon has served as a director of our company since October 2015. Mr. Vadon co-founded zulily, inc., now known as Zulily, LLC (**Zulily**), and previously served as Chairman of Zulily's board of directors from October 2009 until October 2015 when we completed the acquisition of Zulily. In addition, Mr. Vadon served as Chairman of the Board of chewy.com, an internet retailer of pet food, from August 2014 to May 2017. Since 2013, Mr. Vadon also has served as a board member of the Vadon Foundation.
- *Other Public Company Directorships:* Mr. Vadon served on the board of directors of The Home Depot, Inc. from August 2012 to May 2019. From May 1999 to February 2008, Mr. Vadon was Chief Executive Officer of Blue Nile, Inc., which he founded in 1999 and also served as its Chairman of the board of directors from May 1999 to December 2013.
- *Board Membership Qualifications:* Mr. Vadon brings extensive experience and in-depth knowledge of commerce, retail and technology businesses to our board based on his prior public company experience in senior policy-making positions at Zulily and at Blue Nile, Inc. as its Chief Executive Officer. His background and executive experience assist the board in evaluating strategic opportunities in the e-commerce and retail industries.

Andrea L. Wong

- *Age:* 54
- A director of our company.
- *Professional Background:* Ms. Wong has served as a director of our company since April 2010. Ms. Wong served as President, International Production for Sony Pictures Television and President, International for Sony Pictures Entertainment from September 2011 to March 2017. She previously served as President and Chief Executive Officer of Lifetime Entertainment Services from 2007 to April 2010. Ms. Wong also served as an Executive Vice President with ABC, Inc., a subsidiary of The Walt Disney Company, from 2003 to 2007.
- *Other Public Company Directorships:* Ms. Wong has served as a director of Liberty Media (including its predecessor) since September 2011, as a director of Hudson Pacific Properties, Inc. since August 2017, as a director of Roblox Corporation since August 2020 and as a director of Oaktree Acquisition Corp. II since September 2020. Ms. Wong served as a director of Oaktree Acquisition Corp. from July 2019 to January 2021, as a director of Social Capital Hedosophia Holdings Corp. from September 2017 to October 2019 and as a director of Hudson's Bay Company from September 2014 to March 2020.
- *Board Membership Qualifications:* Ms. Wong brings to our board significant experience in the media and entertainment industry, having an extensive background in media programming across a variety of platforms, as well as executive leadership experience with the management and operation of companies in the entertainment sector. Her experience with programming development and production, brand enhancement and marketing brings a pragmatic and unique perspective to our board. Her professional expertise, combined with her continued involvement in the media and entertainment industry, makes her a valuable member of our board.

Directors Whose Term Expires in 2023

Fiona P. Dias

- *Age:* 55
- A director of our company.
- *Professional Background:* Ms. Dias has served as a director of our company since December 2017, having been appointed to our board in connection with the closing of the HSN, Inc. acquisition and pursuant to the terms of the merger agreement for the transaction. She has served as Principal Digital Partner at Ryan

Retail Consulting, LLC, a global consulting firm, since January 2015. She also served as Chief Strategy Officer of ShopRunner, an online shopping service, from August 2011 to October 2014 and as Executive Vice President, Strategy & Marketing, of GSI Commerce, Inc., a provider of digital commerce solutions, from February 2007 to June 2011. Prior thereto, she was Executive Vice President and Chief Marketing Officer of Circuit City Stores, Inc., a specialty retailer of consumer electronics, and also held senior marketing positions with PepsiCo, Pennzoil-Quaker State Company and The Procter & Gamble Company.

- *Other Public Company Directorships:* Ms. Dias has served on the board of directors of Realogy Holdings Corp., a real estate brokerage company, since June 2013. She previously served on the board of directors of (i) Advance Auto Parts, Inc. from September 2009 to May 2019, (ii) HSN, Inc. from July 2016 to December 2017 and (iii) Choice Hotels International, Inc. from November 2004 to April 2012.
- *Board Membership Qualifications:* Ms. Dias brings to our board significant experience in senior policy-making roles both as a member of other public company boards and as a senior marketing executive. She also brings extensive experience in digital commerce, marketing and managing consumer and retail brands.

Evan D. Malone

- *Age:* 50
- A director of our company.
- *Professional Background:* Dr. Malone has served as a director of our company since August 2008. Since June 2009, he has served as President of NextFab Studio, LLC, which provides manufacturing-related technical training, product development, and business acceleration services. Since January 2008, Dr. Malone has served as the owner and manager of a real estate property and management company, 1525 South Street LLC. Dr. Malone has served as co-owner and director of Drive Passion PC Services, CC, an Internet café, telecommunications and document services company, in South Africa since 2007 and served as an applied physics technician for Fermi National Accelerator Laboratory, part of the national laboratory system of the Office of Science, U.S. Department of Energy, from 1999 until 2001. He also is a founding member of Jet Wine Bar, a wine bar, and Rex 1516, a restaurant, both in Philadelphia. Since November 2016, he has served as director and president of the NextFab Foundation, an IRS 501(c)(3) private operating foundation, which provides manufacturing-related technology and education to communities affected by economic or humanitarian distress.
- *Other Public Company Directorships:* Dr. Malone has served as a director of Liberty Media (including its predecessor) since September 2011 and Sirius XM since May 2013.
- *Board Membership Qualifications:* Dr. Malone brings an applied science and engineering perspective to the board. Dr. Malone's perspectives assist the board in developing business strategies and adapting to technological changes facing the industries in which our company competes. In addition, his entrepreneurial experience assists the board in evaluating strategic opportunities.

David E. Rapley

- *Age:* 79
- A director of our company.
- *Professional Background:* Mr. Rapley has served as a director of our company since July 2002, having previously served as a director during 1994. Mr. Rapley founded Rapley Engineering Services, Inc. (**RESI**) and served as its Chief Executive Officer and President from 1985 to 1998. Mr. Rapley also served as Executive Vice President of Engineering of VECO Corp. Alaska (a company that acquired RESI in 1998) from January 1998 to December 2001. Mr. Rapley served as the President and Chief Executive Officer of Rapley Consulting, Inc. from January 2000 to December 2014. From 2003 to 2013, Mr. Rapley was a director of Merrick & Co., a private firm providing engineering and other services to domestic and international clients. From 2008 to 2011, Mr. Rapley was chairman of the board of Merrick Canada ULC.
- *Other Public Company Directorships:* Mr. Rapley has served as a director of Liberty Media (including its predecessor) since September 2011. He has served as a director of LGP since June 2013, having previously served as a director of LGI, LGP's predecessor, from June 2005 to June 2013 and as a director of LGI's predecessor, LMI from May 2004 to June 2005.

- *Board Membership Qualifications:* Mr. Rapley brings to our board the unique perspective of his lifelong career as an engineer. The industries in which our company competes are heavily dependent on technology, which continues to change and advance. Mr. Rapley’s perspectives assist the board in adapting to these changes and developing strategies for our businesses.

Larry E. Romrell

- *Age:* 81
- A director of our company.
- *Professional Background:* Mr. Romrell has served as a director of our company since December 2011, having previously served as a director from March 1999 to September 2011. Mr. Romrell held numerous executive positions with TCI from 1991 to 1999. Previously, Mr. Romrell held various executive positions with Westmarc Communications, Inc.
- *Other Public Company Directorships:* Mr. Romrell has served as a director of Liberty Media (including its predecessor) since September 2011 and as a director of Liberty TripAdvisor since August 2014. He has served as a director of LGP since June 2013, having previously served as a director of LGI, LGP’s predecessor, from June 2005 to June 2013 and as a director of LMI, LGI’s predecessor, from May 2004 to June 2005.
- *Board Membership Qualifications:* Mr. Romrell brings extensive experience, including venture capital experience, in the telecommunications industry to our board and is an important resource with respect to the management and operations of companies in the media and telecommunications sector.

VOTE AND RECOMMENDATION

A plurality of the combined voting power of the outstanding shares of our common stock present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors at the annual meeting, voting together as a single class, is required to elect each of Richard N. Barton, Michael A. George and Gregory B. Maffei as a Class II member of our board of directors.



**Our board of directors unanimously recommends a vote
“FOR” the election of each nominee to our board of directors.**

PROPOSAL 2—THE AUDITORS RATIFICATION PROPOSAL

We are asking our stockholders to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2021.

Even if the selection of KPMG LLP is ratified, the audit committee of our board of directors in its discretion may direct the appointment of a different independent accounting firm at any time during the year if our audit committee determines that such a change would be advisable. In the event our stockholders fail to ratify the selection of KPMG LLP, our audit committee will consider it as a direction to select other auditors for the year ending December 31, 2021.

A representative of KPMG LLP is expected to be available to answer appropriate questions at the annual meeting and will have the opportunity to make a statement if he or she so desires.

AUDIT FEES AND ALL OTHER FEES

The following table presents fees for professional audit services rendered by KPMG LLP for the audit of our consolidated financial statements for 2020 and 2019 and fees billed for other services rendered by KPMG LLP:

	2020	2019
Audit fees	\$8,651,600	9,278,200
Audit related fees ⁽¹⁾	495,000	641,300
Audit and audit related fees	9,146,600	9,919,500
Tax fees ⁽²⁾	747,800	601,400
Total fees	<u>\$9,894,400</u>	<u>10,520,900</u>

(1) Audit related fees consist of professional consultations and audits in connection with acquisitions or divestitures (including carve-out audits in connection with divestitures).

(2) Tax fees consist of tax compliance and consultations regarding the tax implications of certain transactions.

Our audit committee has considered whether the provision of services by KPMG LLP to our company other than auditing is compatible with KPMG LLP maintaining its independence and believes that the provision of such other services is compatible with KPMG LLP maintaining its independence.

POLICY ON PRE-APPROVAL OF AUDIT AND PERMISSIBLE NON-AUDIT SERVICES OF INDEPENDENT AUDITOR

Our audit committee has adopted a policy regarding the pre-approval of all audit and permissible non-audit services provided by our independent auditor. Pursuant to this policy, our audit committee has approved the engagement of our independent auditor to provide the following services (all of which are collectively referred to as **pre-approved services**):

- audit services as specified in the policy, including (i) financial audits of our company and our subsidiaries, (ii) services associated with registration statements, periodic reports and other documents filed or issued in connection with securities offerings (including comfort letters and consents), (iii) attestations of management reports on our internal controls and (iv) consultations with management as to accounting or disclosure treatment of transactions;
- audit related services as specified in the policy, including (i) due diligence services, (ii) financial statement audits of employee benefit plans, (iii) consultations with management as to the accounting or disclosure treatment of transactions, (iv) attest services not required by statute or regulation, (v) certain audits incremental to the audit of our consolidated financial statements, (vi) closing balance sheet audits related to dispositions, and (vii) general assistance with implementation of the requirements of certain Securities and Exchange Commission (**SEC**) rules or listing standards; and
- tax services as specified in the policy, including federal, state, local and international tax planning, compliance and review services, and tax due diligence and advice regarding mergers and acquisitions.

Notwithstanding the foregoing general pre-approval, if, in the reasonable judgment of our Chief Accounting Officer and Principal Financial Officer, an individual project involving the provision of pre-approved services is likely to result in fees in excess of \$100,000, or if individual projects under \$100,000 are likely to equal or exceed \$500,000

during the period between the regularly scheduled meetings of the audit committee, then such projects will require the specific pre-approval of our audit committee. Our audit committee has delegated the authority for the foregoing approvals to the chairman of the audit committee, subject to his subsequent disclosure to the entire audit committee of the granting of any such approval. M. Ian G. Gilchrist currently serves as the chairman of our audit committee. In addition, the independent auditor is required to provide a report at each regularly scheduled audit committee meeting on all pre-approved services incurred during the preceding quarter. Any engagement of our independent auditors for services other than the pre-approved services requires the specific approval of our audit committee.

Our pre-approval policy prohibits the engagement of our independent auditor to provide any services that are subject to the prohibition imposed by Section 201 of the Sarbanes-Oxley Act.

All services provided by our independent auditor during 2020 were approved in accordance with the terms of the policy in place.

VOTE AND RECOMMENDATION

The affirmative vote of a majority of the combined voting power of the outstanding shares of our common stock that are present in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class, is required to approve the auditors ratification proposal.



**Our board of directors unanimously recommends a vote
“FOR” the auditors ratification proposal.**

MANAGEMENT AND GOVERNANCE MATTERS

EXECUTIVE OFFICERS

The following lists the executive officers of our company (other than Michael A. George, our President and Chief Executive Officer, and Gregory B. Maffei, our Chairman of the Board, each of whom also serve as directors of our company and who are listed under “Proposals of Our Board—Proposal 1—The Election of Directors Proposal”), their ages and a description of their business experience, including positions held with our company. All positions referenced in the table below with our company include, where applicable, positions with our predecessors.

Name	Positions
Albert E. Rosenthaler Age: 61	Mr. Rosenthaler has served as Chief Corporate Development Officer of our company, Liberty Media, Liberty TripAdvisor and Liberty Broadband since October 2016 and LMAC since November 2020. He previously served as Chief Corporate Development Officer of GCI Liberty from March 2018 to December 2020, Liberty Expedia from October 2016 to July 2019 and Chief Tax Officer of our company, Liberty Media, Liberty TripAdvisor and Liberty Broadband from January 2016 to September 2016 and Liberty Expedia from March 2016 to September 2016. He previously served as a Senior Vice President of our company from April 2002 to December 2015, Liberty Media (including its predecessor) from May 2007 to December 2015, Liberty TripAdvisor from July 2013 to December 2015 and Liberty Broadband from June 2014 to December 2015. Mr. Rosenthaler has served as a director of Tripadvisor, Inc. since February 2016.
Brian J. Wendling Age: 48	Mr. Wendling has served as Chief Accounting Officer and Principal Financial Officer of our company, Liberty Media and Liberty Broadband since January 2020 and July 2019, respectively. He has also served as Chief Accounting Officer and Principal Financial Officer of LMAC since November 2020. He previously served as Chief Accounting Officer and Principal Financial Officer of GCI Liberty from January 2020 and July 2019, respectively, to December 2020 as well as Senior Vice President and Controller of each of our company, Liberty Media and Liberty Broadband from January 2016 to December 2019 and GCI Liberty from March 2018 to December 2019. In addition, Mr. Wendling has served as a Senior Vice President and Chief Financial Officer of Liberty TripAdvisor since January 2016, and he previously served as Vice President and Controller of Liberty TripAdvisor from August 2014 to December 2015. He previously served as Senior Vice President of Liberty Expedia from March 2016 to July 2019, and Vice President and Controller of Liberty Media (including its predecessor) from November 2011 to December 2015, Qurate Retail from November 2011 to December 2015 and Liberty Broadband from October 2014 to December 2015. Prior thereto, Mr. Wendling held various positions with Liberty Media and Qurate Retail and their predecessors since 1999. Mr. Wendling has served as a director of comScore, Inc. since March 2021.
Renee L. Wilm Age: 47	Ms. Wilm has served as Chief Legal Officer and Chief Administrative Officer since September 2019 and January 2021, respectively, of our company, Liberty Media, Liberty TripAdvisor and Liberty Broadband, and Chief Legal Officer and Chief Administrative Officer of LMAC since November 2020 and January 2021, respectively. She previously served as Chief Legal Officer of GCI Liberty from September 2019 to December 2020. Ms. Wilm has served as a director of LMAC since January 2021. Prior to September 2019, Ms. Wilm was a Senior Partner with the law firm Baker Botts L.L.P., where she represented our company, Liberty Media, Liberty TripAdvisor, Liberty Broadband and GCI Liberty and their predecessors for over twenty years, specializing in mergers and acquisitions, complex capital structures and shareholder arrangements, as well as securities offerings and matters of corporate governance and securities law compliance. At Baker Botts, Ms. Wilm was a member of the Executive Committee, the East Coast Corporate Department Chair and Partner-in-Charge of the New York office.

Our executive officers will serve in such capacities until their respective successors have been duly elected and have been qualified, or until their earlier death, resignation, disqualification or removal from office. There is no family

relationship between any of our executive officers or directors, by blood, marriage or adoption other than Evan D. Malone, who is the son of John C. Malone.

During the past ten years, none of our directors and executive officers has had any involvement in such legal proceedings as would be material to an evaluation of his or her ability or integrity.

DELINQUENT SECTION 16(A) REPORTS

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC.

Based solely on a review of the copies of the Forms 3, 4 and 5 and amendments to those forms filed with the SEC and written representations made to us by our executive officers and directors, we believe that, during the year ended December 31, 2020, all Section 16(a) filing requirements applicable to our officers, directors and greater than ten-percent beneficial owners were met, with the exception of one Form 4 by Fiona P. Dias, which reported one transaction on an untimely basis.

CODE OF ETHICS

We have adopted a code of business conduct and ethics that applies to all of our employees, directors and officers, which constitutes our “code of ethics” within the meaning of Section 406 of the Sarbanes-Oxley Act. Our code of business conduct and ethics is available on our website at www.qurate.com.

DIRECTOR INDEPENDENCE

It is our policy that a majority of the members of our board of directors be independent of our management. For a director to be deemed independent, our board of directors must affirmatively determine that the director has no direct or indirect material relationship with us. To assist our board of directors in determining which of our directors qualify as independent for purposes of Nasdaq rules as well as applicable rules and regulations adopted by the SEC, the nominating and corporate governance committee of our board of directors follows Nasdaq’s corporate governance rules on the criteria for director independence.

Our board of directors has determined that each of Richard N. Barton, Fiona P. Dias, M. Ian G. Gilchrist, David E. Rapley, Larry E. Romrell, Mark C. Vadon and Andrea L. Wong qualifies as an independent director of our company.

BOARD COMPOSITION

As described above under “Proposals of Our Board—Proposal 1—The Election of Directors Proposal,” our board is comprised of directors with a broad range of backgrounds and skill sets, including in media and telecommunications, science and technology, venture capital, investment banking, auditing and financial engineering. Our board is also chronologically diverse with our members’ ages spanning four decades. For more information on our policies with respect to board candidates, see “— Committees of the Board of Directors—Nominating and Corporate Governance Committee” below.

BOARD CLASSIFICATION

As described above under “Proposals of our Board—Proposal 1—The Election of Directors Proposal,” our board of directors currently consists of eleven directors, divided among three classes. Our board believes that its current classified structure, with directors serving for three-year terms, is the appropriate board structure for our company at this time and is in the best interests of our stockholders for the following reasons.

Long-Term Focus & Accountability

Our board believes that a classified board encourages our directors to look to the long-term best interest of our company and our stockholders, rather than being unduly influenced by the short-term focus of certain investors and special interests. In addition, our board believes that three-year terms focus director accountability on the board’s long-term strategic vision and performance, rather than short-term pressures and circumstances.

Continuity of Board Leadership

A classified board allows for a greater amount of stability and continuity providing institutional perspective and knowledge to both management and less-tenured directors. By its very nature, a classified board ensures that at

any given time there will be experienced directors serving on our board who are fully immersed in and knowledgeable about our businesses, including our relationships with current and potential strategic partners, as well as the competition, opportunities, risks and challenges that exist in the industries in which our businesses operate. We also believe the benefit of a classified board to our company and our stockholders comes not from continuity alone but rather from the continuity of highly qualified, engaged and knowledgeable directors focused on long-term stockholder interests. Each year, our nominating and corporate governance committee works actively to ensure our board continues to be comprised of such individuals.

BOARD DIVERSITY

Our board understands and appreciates the value and enrichment provided by a diverse board. As such, we actively seek diverse director candidates (see “— Committees of the Board of Directors—Nominating and Corporate Governance Committee—Board Criteria”). Our board membership currently includes two directors who identify as female, two directors who identify as of Asian ancestry, one director who identifies as LGBTQ+ and one director who holds dual American and Canadian citizenship.

BOARD LEADERSHIP STRUCTURE

Our board has separated the positions of Chairman of the Board and Chief Executive Officer (principal executive officer). Gregory B. Maffei holds the position of Chairman of the Board, leads our board and board meetings and provides strategic guidance to our Chief Executive Officer. Michael A. George, our President, holds the position of Chief Executive Officer, leads our management team and is responsible for driving the performance of our company. We believe this division of responsibility effectively assists our board in fulfilling its duties.

BOARD ROLE IN RISK OVERSIGHT

The board as a whole has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant board committees. Our audit committee oversees management of financial risks and risks relating to potential conflicts of interest. Our compensation committee oversees the management of risks relating to our compensation arrangements with senior officers. Our nominating and corporate governance committee oversees the nomination of individuals with the judgment, skills, integrity, and independence necessary to oversee the key risks associated with our company, as well as risks inherent in our corporate structure. These committees then provide reports periodically to the full board. In addition, the oversight and review of other strategic risks are conducted directly by the full board.

The oversight responsibility of the board and its committees is enabled by management reporting processes that are designed to provide visibility to the board about the identification, assessment, and management of critical risks. These areas of focus include strategic, operational, financial and reporting, succession and compensation, legal and compliance, cybersecurity and other risks, including those related to material environmental and social matters such as climate change, human capital management, diversity, equity and inclusion, and community relations (together with governance concerns, **ESG**). Our management reporting processes include regular reports from our Chairman of the Board and Chief Executive Officer, which are prepared with input from our senior management team, and also include input from our Internal Audit group and our Chief Portfolio Officer, who manages our company’s ESG efforts and remains in regular contact with senior ESG leaders across our portfolio of companies who provide feedback and disclosure on material issues. With our board’s oversight, we seek to collaborate across our portfolio of companies to drive best practices through regular ESG-focused internal meetings and discussions, including on topics such as ESG disclosure, diversity and inclusion, cybersecurity, and sustainability.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE INITIATIVES

As described below, Qurate Retail is party to a Services Agreement with Liberty Media, pursuant to which Liberty Media corporate employees provide certain management services to our company for a determined fee. As a result, our company is not responsible for the hiring, retention and compensation of these individuals (except that our Company does grant equity incentive awards to these individuals). However, our company directly benefits from the efforts undertaken by Liberty Media to attract and retain talented employees. Liberty Media strives to create a diverse, inclusive and supportive workplace, with opportunities for its employees to grow and develop in their careers, supported by competitive compensation, benefits and health and wellness programs, and by programs that build connections between its employees and their communities. Our company fully supports these efforts.

Empowerment and Belonging. We and our wholly-owned subsidiaries are committed to fostering an inclusive culture that ensures fairness and a sense of belonging for our employees, business partners and the customer experiences we offer by leveraging diversity in all its forms. At the Qurate Retail Group, which is comprised of our QVC, HSN, Zulily and Cornerstone businesses, our diversity, equity and inclusion commitments focus on the following areas: representation, leadership accountability, culture, consumers & marketplace, community impact, and transparency. We serve a broad and diverse range of customers around the world and we strive to understand the lives they lead in order to deliver authentic customer experiences with meaningful curated products. For this reason, we embrace the benefits that the diverse backgrounds, perspectives and experiences of our employees bring to our culture and the decisions we make. We aim to ensure that we consistently apply a lens of inclusion and equity in our processes and decisions relating to our employees, business partners, products, and customer experiences, and we have announced five-year goals for how we will support and advance underrepresented groups on Qurate Retail Group's leadership team and across its workforce, business partners, customers, and communities.

We are also taking steps to help employees discover new perspectives, build empathy, have critical conversations about race, and support each other. We have launched and expanded Team Member Resource Groups to promote employee connections, career development, community impact and consumer and marketplace growth. We are delivering our diversity, equity and inclusion training to all employees via online modules, videos, and e-learning experiences. We are also continuing our efforts to attract and grow diverse talent and suppliers, offer inclusive product assortments, and ensure broad representation in our marketing, digital, and on-air activities.

Environmental protection. Qurate Retail Group companies have committed to protecting the environment through sustainable packaging, energy-efficient operations, and shipping and logistics. This includes reducing greenhouse gas emissions, conserving energy and shifting electricity use to renewable sources where possible, increasing recycling efforts, reducing single-use plastic use, and educating customers on how to properly recycle their packaging. As part of these efforts, Qurate Retail Group recently set an initial emissions reductions target to help guide our efforts.

Responsible sourcing and manufacturing. Qurate Retail Group has also committed to curating products responsibly, by sourcing and manufacturing responsibly, promoting human rights in the supply chain, and scaling its use of sustainable and responsibly sourced materials. We work with supply chain vendors and other business partners to bring quality products to our customers that have been manufactured and sourced through ethical means. As part of these efforts, we have implemented a global business partner code of conduct, which requires all partners with whom we do business to follow the same standards for ethical business conduct. We also conduct factory audits, surveys, and on-going communication to enforce accountability for these standards.

Response to the COVID-19 pandemic. In an effort to minimize the risk of COVID-19 to employees working for our consolidated subsidiaries and the communities in which they operate, our company mandated that all non-essential employees work from home. For employees who need to perform their jobs on-site, including warehouse and studio production teams at our wholly-owned subsidiaries, our company took additional precautions to protect their health and safety. This included reducing the number of people on-site to allow for more social distancing; limiting visitors and screening all people who come into our consolidated subsidiaries' work sites; and elevated cleaning protocols in alignment with the recommended protocols from the Centers for Disease Control and Prevention. Our consolidated subsidiaries have also taken measures to support their employees' ability to continue their work while managing the personal challenges presented by the pandemic. In addition to offering flexible hours and expanding work-at-home policies, our consolidated subsidiaries have made changes to their attendance policies and are offering additional paid time off options to support certain COVID-19 related absences. Additionally, our wholly-owned subsidiaries have expanded programs to support their employees, including alternative work arrangements to help families juggling competing work and personal challenges, greater access to home care help, added resources to support mental health, and paid special bonuses for many employees.

COMMITTEES OF THE BOARD OF DIRECTORS

Executive Committee

Our board of directors has established an executive committee, whose members are John C. Malone, Gregory B. Maffei and Michael A. George. Except as specifically prohibited by the General Corporation Law of the State of Delaware, the executive committee may exercise all the powers and authority of our board of directors in the management of our business and affairs, including the power and authority to authorize the issuance of shares of our capital stock.

Compensation Committee

Our board of directors has established a compensation committee, whose chairman is Larry E. Romrell and whose other members are Mark C. Vadon and Andrea L. Wong. See “— Director Independence” above.

The compensation committee reviews and approves corporate goals and objectives relevant to the compensation of our Chairman of the Board, Chief Executive Officer and our other executive officers. The compensation committee also reviews and approves the compensation of our Chief Executive Officer, Chief Legal Officer, Chief Administrative Officer, Chief Portfolio Officer, Chief Accounting Officer, Principal Financial Officer and Chief Corporate Development Officer, and oversees the compensation of the chief executive officers of our non-public operating subsidiaries. For a description of our processes and policies for consideration and determination of executive compensation, including the role of our Chairman of the Board and outside consultants in determining or recommending amounts and/or forms of compensation, see “Executive Compensation—Compensation Discussion and Analysis.” A subcommittee, whose members are Larry E. Romrell and Andrea L. Wong, was formed in 2017 to review compensation matters for purposes of Section 16 of the Exchange Act and Section 162(m) of the Internal Revenue Code of 1986, as amended (the **Code**).

Our board of directors has adopted a written charter for the compensation committee, which is available on our website at www.qurate.com.

Compensation Committee Report

The compensation committee has reviewed and discussed with our management the “Compensation Discussion and Analysis” included under “Executive Compensation” below. Based on such review and discussions, the compensation committee recommended to our board of directors that the “Compensation Discussion and Analysis” be included in this proxy statement.

Submitted by the Members of the Compensation Committee

Larry E. Romrell
Mark C. Vadon
Andrea L. Wong

Compensation Committee Interlocks and Insider Participation

No member of our compensation committee during 2020 is or has been an officer or employee of our company, or has engaged in any related party transaction during 2020 in which our company was a participant.

Nominating and Corporate Governance Committee

Our board of directors has established a nominating and corporate governance committee, whose chairman is David E. Rapley and whose other members are Richard N. Barton and Mark C. Vadon. See “— Director Independence” above.

The nominating and corporate governance committee identifies individuals qualified to become board members consistent with criteria established or approved by our board of directors from time to time, identifies director nominees for upcoming annual meetings, develops corporate governance guidelines applicable to our company and oversees the evaluation of our board and management.

Board Criteria. The nominating and corporate governance committee believes that nominees for director should possess the highest personal and professional ethics, integrity, values and judgment and should be committed to the long-term interests of our stockholders. To be nominated to serve as a director, a nominee need not meet any specific minimum criteria. As described in our corporate governance guidelines, director candidates are identified and nominated based on broad criteria, with the objective of identifying and retaining directors that can effectively develop the company’s strategy and oversee management’s execution of that strategy. In the director candidate identification and nomination process, our board seeks a breadth of experience from a variety of industries and from professional disciplines, along with a diversity of gender, ethnicity, age and other characteristics. When evaluating a potential director nominee, including one recommended by a stockholder, the nominating and corporate governance committee will take into account a number of factors, including, but not limited to, the following:

- independence from management;

- his or her unique background, including education, professional experience, relevant skill sets and diversity of gender, ethnicity, age and other characteristics;
- judgment, skill, integrity and reputation;
- existing commitments to other businesses as a director, executive or owner;
- personal conflicts of interest, if any; and
- the size and composition of the existing board of directors, including whether the potential director nominee would positively impact the composition of the board by bringing a new perspective or viewpoint to the board of directors.

The nominating and corporate governance committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees.

Director Candidate Identification Process. The nominating and corporate governance committee will consider candidates for director recommended by any stockholder provided that such recommendations are properly submitted. Eligible stockholders wishing to recommend a candidate for nomination as a director should send the recommendation in writing to the Corporate Secretary, Qurate Retail, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112. Stockholder recommendations must be made in accordance with our bylaws, as discussed under “Stockholder Proposals” below, and contain the following information:

- the name and address of the proposing stockholder and the beneficial owner, if any, on whose behalf the nomination is being made, and documentation indicating the number of shares of our common stock owned beneficially and of record by such person and the holder or holders of record of those shares, together with a statement that the proposing stockholder is recommending a candidate for nomination as a director;
- the candidate’s name, age, business and residence addresses, principal occupation or employment, business experience, educational background and any other information relevant in light of the factors considered by the nominating and corporate governance committee in making a determination of a candidate’s qualifications, as described below;
- a statement detailing any relationship, arrangement or understanding between the proposing stockholder and/or beneficial owner(s), if different, and any other person(s) (including their names) under which the proposing stockholder is making the nomination and any affiliates or associates (as defined in Rule 12b-2 of the Exchange Act) of such proposing stockholder(s) or beneficial owner (each a **Proposing Person**);
- a statement detailing any relationship, arrangement or understanding that might affect the independence of the candidate as a member of our board of directors;
- any other information that would be required under SEC rules in a proxy statement soliciting proxies for the election of such candidate as a director;
- a representation as to whether the Proposing Person intends (or is part of a group that intends) to deliver any proxy materials or otherwise solicit proxies in support of the director nominee;
- a representation by each Proposing Person who is a holder of record of our common stock as to whether the notice is being given on behalf of the holder of record and/or one or more beneficial owners, the number of shares held by any beneficial owner along with evidence of such beneficial ownership and that such holder of record is entitled to vote at the annual stockholders meeting and intends to appear in person or by proxy at the annual stockholders meeting at which the person named in such notice is to stand for election;
- a written consent of the candidate to be named in the proxy statement and to serve as a director, if nominated and elected;
- a representation as to whether the Proposing Person has received any financial assistance, funding or other consideration from any other person regarding the nomination (a **Stockholder Associated Person**) (including the details of such assistance, funding or consideration); and
- a representation as to whether and the extent to which any hedging, derivative or other transaction has been entered into with respect to our company within the last six months by, or is in effect with respect to, the Proposing Person, any person to be nominated by the proposing stockholder or any Stockholder Associated Person, the effect or intent of which transaction is to mitigate loss to or manage risk or benefit of share price changes for, or increase or decrease the voting power of, the Proposing Person, its nominee, or any such Stockholder Associated Person.

In connection with its evaluation, the nominating and corporate governance committee may request additional information from the proposing stockholder and the candidate. The nominating and corporate governance committee has sole discretion to decide which individuals to recommend for nomination as directors.

When seeking candidates for director, the nominating and corporate governance committee may solicit suggestions from incumbent directors, management, stockholders and others. After conducting an initial evaluation of a prospective nominee, the nominating and corporate governance committee will interview that candidate if it believes the candidate might be suitable to be a director. The nominating and corporate governance committee may also ask the candidate to meet with management. If the nominating and corporate governance committee believes a candidate would be a valuable addition to our board of directors, it may recommend to the full board that candidate's nomination and election.

Prior to nominating an incumbent director for re-election at an annual meeting of stockholders, the nominating and corporate governance committee will consider the director's past attendance at, and participation in, meetings of the board of directors and its committees and the director's formal and informal contributions to the various activities conducted by the board and the board committees of which such individual is a member. In addition, the nominating and corporate governance committee will consider any outside directorships held by such individual. The nominating and corporate governance committee also recognizes and values the benefits derived by our directors from their service on other public company boards, as such service provides our directors with diverse perspectives, in-depth industry knowledge and cross-industry insights, all of which enhance the knowledge base and skill set of our board as a whole.

The members of our nominating and corporate governance committee have determined that Messrs. Barton, George and Maffei, who are nominated for election at the annual meeting, continue to be qualified to serve as directors of our company and such nominations were approved by the entire board of directors.

Our board of directors has adopted a written charter for the nominating and corporate governance committee. Our board of directors has also adopted corporate governance guidelines, which were developed by the nominating and corporate governance committee. The charter and the corporate governance guidelines are available on our website at www.qurate.com.

Audit Committee

Our board of directors has established an audit committee, whose chairman is M. Ian G. Gilchrist and whose other members are David E. Rapley and Larry E. Romrell. See “— Director Independence” above.

Our board of directors has determined that Mr. Gilchrist is our company's “audit committee financial expert” under applicable SEC rules and regulations. The audit committee reviews and monitors the corporate financial reporting and the internal and external audits of our company. The committee's functions include, among other things:

- appointing or replacing our independent auditors;
- reviewing and approving in advance the scope and the fees of our annual audit and reviewing the results of our audits with our independent auditors;
- reviewing and approving in advance the scope and the fees of non-audit services of our independent auditors;
- reviewing compliance with and the adequacy of our existing major accounting and financial reporting policies;
- reviewing our management's procedures and policies relating to the adequacy of our internal accounting controls and compliance with applicable laws relating to accounting practices;
- confirming compliance with applicable SEC and stock exchange rules; and
- preparing a report for our annual proxy statement.

Our board of directors has adopted a written charter for the audit committee, which is available on our website at www.qurate.com.

Audit Committee Report

Each member of the audit committee is an independent director as determined by our board of directors, based on the listing standards of Nasdaq. Each member of the audit committee also satisfies the SEC's independence requirements for members of audit committees. Our board of directors has determined that Mr. Gilchrist is an “audit committee financial expert” under applicable SEC rules and regulations.

The audit committee reviews our financial reporting process on behalf of our board of directors. Management has primary responsibility for establishing and maintaining adequate internal controls, for preparing financial statements and for the public reporting process. Our independent auditor, KPMG LLP, is responsible for expressing opinions on the conformity of our audited consolidated financial statements with U.S. generally accepted accounting principles. Our independent auditor also expresses its opinion as to the effectiveness of our internal control over financial reporting.

Our audit committee has reviewed and discussed with management and KPMG LLP our most recent audited consolidated financial statements, as well as management's assessment of the effectiveness of our internal control over financial reporting and KPMG LLP's evaluation of the effectiveness of our internal control over financial reporting. Our audit committee has also discussed with KPMG LLP the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (the **PCAOB**) and the SEC, including that firm's judgment about the quality of our accounting principles, as applied in its financial reporting.

KPMG LLP has provided our audit committee with the written disclosures and the letter required by the applicable requirements of the PCAOB regarding KPMG LLP's communications with the audit committee concerning independence, and the audit committee has discussed with KPMG LLP that firm's independence from the company and its subsidiaries.

Based on the reviews, discussions and other considerations referred to above, our audit committee recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2020 (the **2020 Form 10-K**), which was filed on February 26, 2021 with the SEC.

Submitted by the Members of the Audit Committee

M. Ian G. Gilchrist
David E. Rapley
Larry E. Romrell

Other

Our board of directors, by resolution, may from time to time establish other committees of our board of directors, consisting of one or more of our directors. Any committee so established will have the powers delegated to it by resolution of our board of directors, subject to applicable law.

BOARD MEETINGS

During 2020, there were seven meetings of our full board of directors, no meetings of our executive committee, six meetings of our compensation committee, one meeting of our nominating and corporate governance committee and seven meetings of our audit committee. Each incumbent director attended in person or by telephone 100% of the meetings of both the board of directors and the committees on which he or she served.

DIRECTOR ATTENDANCE AT ANNUAL MEETINGS

Our board of directors encourages all members of the board to attend each annual meeting of our stockholders. Nine of our eleven directors attended our 2020 annual meeting of stockholders.

STOCKHOLDER COMMUNICATION WITH DIRECTORS

Our stockholders may send communications to our board of directors or to individual directors by mail addressed to the Board of Directors or to an individual director c/o Qurate Retail, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112. All such communications from stockholders will be forwarded to our directors on a timely basis. Stockholders are also encouraged to send communications to Qurate Retail Investor Relations, which conducts robust stockholder engagement efforts for our company and provides our board with insight on stockholder concerns.

EXECUTIVE SESSIONS

In 2020, the independent directors of our company, then serving, met at three executive sessions without management participation.

Any interested party who has a concern regarding any matter that it wishes to have addressed by our independent directors, as a group, at an upcoming executive session may send its concern in writing addressed to Independent

Directors of Qurate Retail, Inc., c/o Qurate Retail, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112. The current independent directors of our company are Richard N. Barton, Fiona P. Dias, M. Ian G. Gilchrist, David E. Rapley, Larry E. Romrell, Mark C. Vadon and Andrea L. Wong.

HEDGING DISCLOSURE

We do not have any practices or policies regarding the ability of our employees (including officers) or directors, or any of their designees, to purchase financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) or otherwise engage in transactions, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of our equity securities.

EXECUTIVE COMPENSATION

This section sets forth information relating to, and an analysis and discussion of, compensation paid by our company to the following persons (who we collectively refer to as our **named executive officers**):

- Gregory B. Maffei, our Chairman of the Board;
- Michael A. George, our President and Chief Executive Officer;
- Brian J. Wendling, our Chief Accounting Officer and Principal Financial Officer;
- Albert E. Rosenthaler, our Chief Corporate Development Officer; and
- Renee L. Wilm, our Chief Legal Officer and Chief Administrative Officer.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Overview

Our compensation committee of our board of directors has responsibility for establishing, implementing and regularly monitoring adherence to our compensation philosophy. That philosophy seeks to align the interests of the named executive officers with those of our stockholders, with the ultimate goal of appropriately motivating our executives to increase long-term stockholder value. To that end, the compensation packages provided to the named executive officers include significant performance-based bonuses and significant equity incentive awards, including equity awards that vest multiple years after initial grant.

Our compensation committee seeks to approve a compensation package for each named executive officer that is commensurate with the responsibilities and proven or expected performance of that executive and that is competitive relative to the compensation packages paid to similarly situated executives in other companies. Our compensation committee believes that our compensation packages should assist our company in attracting and retaining key executives critical to our long-term success.

Our feedback from stockholders on this pay philosophy has been positive. At our 2020 annual stockholder meeting, stockholders representing a majority of the aggregate voting power of Qurate Retail present and entitled to vote on our say-on-pay proposal voted in favor of, on an advisory basis, our executive compensation disclosed in our proxy statement for the 2020 annual meeting of stockholders. No material changes were implemented to our executive compensation program as a result of this vote. At our 2017 annual stockholder meeting, stockholders elected to hold a say-on-pay vote every three years and our board of directors adopted this as the frequency at which future say-on-pay votes would be held.

Services Agreement

In September 2011, we entered into a services agreement with our former subsidiary (the **services agreement**), which agreement was assumed in January 2013 by its former subsidiary, then-known as Liberty Spinco, Inc. (currently known as **Liberty Media**). In December 2019, the services agreement was amended (the **amended services agreement**) in connection with Liberty Media entering into a new five-year employment agreement with Mr. Maffei (the **2019 Maffei Employment Agreement**). Under the amended services agreement, our company establishes, and pays or grants directly to Mr. Maffei, our allocable portion of his annual performance-based cash bonus, his annual equity-based awards and his upfront awards, and we reimburse Liberty Media for our allocable portion of the other components of Mr. Maffei's compensation, as described in more detail below in “—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement.” Under the 2019 Maffei Employment Agreement, Mr. Maffei's compensation is allocated across Liberty Media, our company and each of GCI Liberty (until its services agreement with Liberty Media was terminated in December 2020), Liberty Broadband and Liberty TripAdvisor (each a **Service Company**, or, collectively the **Service Companies**) based on two factors, each weighted 50%: (i) the relative market capitalization of each series of stock of each company and (ii) the average of (a) the percentage allocation of time for all Liberty Media employees across all companies and (b) Mr. Maffei's percentage allocation of time across all companies, unless a different allocation method is agreed. Our allocable portion of Mr. Maffei's annual compensation was 19% in 2020. Pursuant to the amended services agreement, in 2020, we also reimbursed Liberty Media for the portion of the base salary and certain other compensation Liberty Media paid to our employees that was allocable to us for estimated time spent by each such employee related to our company. All of Mr. George's compensation was paid by QVC, and none of his time was allocated to Liberty Media because Mr. George did not provide any services to Liberty Media in 2020. The 2020

performance-based bonuses earned by the named executive officers of our company were paid directly by our company. During 2020, the estimate of the allocable percentages of time spent performing services for Liberty Media, on the one hand, and our company, on the other hand, were reviewed quarterly by our audit committee for appropriateness. The salaries, performance-based bonuses and certain perquisite information included in the “Summary Compensation Table” below (other than with respect to Mr. George, whose cash compensation is paid directly by QVC) include the portion of the compensation allocable to our company and for which we reimbursed Liberty Media and do not include the portion of the compensation allocable to Liberty Media or any of the other Service Companies. During the year ended December 31, 2020, the weighted average percentage of each such named executive officer’s time that was allocated to our company was: Mr. Wendling—21%; Mr. Rosenthaler—19%; and Ms. Wilm—14%.

Role of Independent Compensation Consultant

Prior to entering into the amended services agreement with Liberty Media in connection with the 2019 Maffei Employment Agreement, our compensation committee engaged Frederic W. Cook & Co., Inc. (**FW Cook**), an independent and experienced compensation consultant, to assist in determining the reasonableness of compensation to be allocated to our company under the amended services agreement.

In order to assess the reasonableness of compensation, FW Cook evaluated the market value of Mr. Maffei’s role at our company and the proposed allocation to our company under the service arrangement. Given the unique nature of Mr. Maffei’s role at our company, FW Cook evaluated the market value of the executive job at our company through two different lenses: Chairman of the Board and managing partner of a private equity firm.

In assessing the reasonableness of pay as Chairman of the Board, FW Cook and the compensation committee reviewed pay data for companies comparable to ours, including companies in the retail industry, and companies with which we may compete for executive talent and stockholder investment and also included companies in those industries that are similar to our company in size, geographic location or complexity of operations. In assessing the reasonableness of pay as a managing partner of a private equity firm, FW Cook and the compensation committee reviewed survey data regarding the compensation of private equity professionals.

Setting Executive Compensation

In making its compensation decision for each named executive officer, our compensation committee considers the following:

- each element of the named executive officer’s compensation, including salary, performance-based bonus, equity compensation, perquisites and other personal benefits, and weights equity compensation most heavily;
- the financial performance of our company compared to internal forecasts and budgets;
- the scope of the named executive officer’s responsibilities;
- the competitive nature of the compensation packages offered based on general industry knowledge of the retail and commerce industries and periodic use of survey information provided by Mercer (US), Inc. (**Mercer**) and FW Cook; and
- the performance of the group reporting to the named executive officer.

In addition, when setting compensation, our compensation committee considers the recommendations obtained from Mr. Maffei as to all elements of the compensation packages of Messrs. George, Wendling, and Rosenthaler and Ms. Wilm. To make these recommendations, Mr. Maffei evaluates the performance and contributions of each such named executive officer. He also considers whether the pay packages afforded to such named executive officers are competitive and are aligned internally. He also evaluates the named executive officer’s performance against individual, department and corporate goals.

In December 2019, our compensation committee approved the amended services agreement, which established the terms and conditions of our allocable portion of Mr. Maffei’s compensation for the term of the 2019 Maffei Employment Agreement. See “—Services Agreements” above. Prior to entering into the amended services agreement with Liberty Media, our compensation committee reviewed information from FW Cook with respect to Chairman of the Board compensation packages at comparable retailers and e-commerce companies.

In September 2015, our compensation committee approved a new five-year employment agreement with Mr. George (the **George Employment Agreement**) and granted equity awards in connection with the execution of the George

Employment Agreement. See “—Executive Compensation Arrangements—Michael A. George—2015 Term Options” and “—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Annual Performance Awards—QVC CEO RSUs” below. Prior to entering into the George Employment Agreement, our compensation committee considered the recommendation of Mr. Maffei with respect to Mr. George’s compensation package. When considering Mr. Maffei’s recommendations concerning Mr. George’s compensation, our compensation committee reviewed compensation data from companies similar to QVC, which was compiled by Mercer, as a reference point for the proposed new compensation arrangement. Based on this review, our compensation committee determined to confirm and approve the proposed arrangement. In addition, in connection with granting the New CEO Term Options and 2018 New CEO Performance RSUs (each as defined below) to Mr. George, the compensation committee and Mr. Maffei reviewed a compensation study prepared by Mercer that reviewed the compensation paid to CEOs of comparable retailers and e-commerce companies. See “—Executive Compensation Arrangements—Michael A. George—New Qurate Retail CEO Awards” below. In November 2020, our compensation committee approved an amendment to the George Employment Agreement (the **George Employment Agreement Extension**), which extended the term of Mr. George’s services from December 31, 2020 through December 31, 2021 and governs the terms of Mr. George’s compensation for 2021. See “—Changes for 2021—Extension of George Employment Agreement” below.

Elements of 2020 Executive Compensation

For 2020, the principal components of compensation for the named executive officers were:

- base salary;
- a one-time award of time-based restricted stock units granted to Mr. Maffei in connection with his offer to restructure his 2020 compensation and reduce his 2020 base salary in response to potential liquidity concerns at Liberty Media and the Service Companies resulting from the onset of the pandemic;
- a performance-based bonus, payable in cash;
- time-vested stock options and performance-based restricted stock units; and
- perquisites and other limited personal benefits.

Base Salary

Our compensation committee believes base salary should be a relatively smaller portion of each named executive officer’s overall compensation package, allowing for a greater portion to be performance based, thereby aligning the interests of our executives more closely with those of our stockholders. The base salaries of the named executive officers are reviewed on an annual basis (other than Mr. Maffei’s base salary, the increases of which are governed by his employment agreement), as well as at the time of any change in responsibilities. Typically, after establishing a named executive officer’s base salary, salary increases are limited to cost-of-living adjustments, adjustments based on changes in the scope of the named executive officer’s responsibilities, and adjustments to align the named executive officer’s salary level with those of our other named executive officers.

After completion of the annual review in December 2019, the 2020 base salaries of Messrs. Wendling and Rosenthaler and Ms. Wilm were increased by 2%, reflecting a cost-of-living adjustment. For 2020, Mr. Maffei’s salary was increased to \$3,000,000 as prescribed by the 2019 Maffei Employment Agreement; however, due to potential liquidity concerns at Liberty Media and the Service Companies resulting from the onset of the pandemic, Mr. Maffei offered to waive and restructure a portion of his 2020 calendar year base salary. For the period from April 4, 2020 through December 31, 2020, Mr. Maffei waived the right to receive his base salary (except for amounts sufficient to cover health insurance, flexible spending contributions and certain taxes) and received grants of RSUs (as defined below) on April 14, 2020 from Liberty Media and each Service Company with an aggregate grant date value equal to one-half of the base salary waived by Mr. Maffei. Such RSUs (as defined below) were allocated among Liberty Media and each Service Company in accordance with the 2019 Maffei Employment Agreement and vested on December 10, 2020. The other half of Mr. Maffei’s base salary for the referenced period was forfeited pursuant to his waiver. For 2020, Mr. George’s base salary remained at the initial amount fixed in the George Employment Agreement.

2020 Performance-based Bonuses

Overview. For 2020, our compensation committee adopted an annual, performance-based bonus program for each of Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm. Mr. George participated in a separate performance-based bonus program, described under “—QVC Bonus Award” below. The 2020 bonus program was comprised of

two components: a bonus amount payable based on each participant's individual performance (the **Individual Performance Bonus**) and a bonus amount payable based on the corporate performance of our company (the **Corporate Performance Bonus**).

Pursuant to the 2019 Maffei Employment Agreement, Mr. Maffei was assigned a target bonus opportunity under the performance-based bonus program equal to \$17 million in the aggregate for Liberty Media, our company and each of the other Service Companies. That bonus amount was split among, and payable directly by, Liberty Media and each of the Service Companies, with payment subject to the achievement of one or more performance metrics as determined by the applicable company's compensation committee. In 2020, the portion of Mr. Maffei's aggregate target bonus amount allocated to our company was 19% or \$3,230,000. The portions of Mr. Maffei's aggregate target bonus amount allocated to each of Liberty Media, GCI Liberty, Liberty Broadband and Liberty TripAdvisor pursuant to the amended services agreements were 44% (or \$7,480,000), 14% (or \$2,380,000), 18% (or \$3,060,000) and 5% (or \$850,000), respectively.

Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm were assigned a maximum bonus under the performance-based bonus program for each of Qurate Retail and Liberty Media. The maximum bonuses for the Qurate Retail program were \$6,460,000, \$164,330, \$337,973, and \$226,927 for Messrs. Maffei, Wendling, Rosenthaler and Ms. Wilm, respectively (the **Qurate Retail Maximum Performance Bonus**). The bonus maximums were established by the compensation committee in March 2020 and were determined to be up to 200% of Mr. Maffei's target annual bonus allocated to our company under the 2019 Maffei Employment Agreement, up to 170% of base pay for Mr. Wendling, up to 200% of base pay for Mr. Rosenthaler and up to 150% of base pay for Ms. Wilm. Liberty Media also established maximum performance-based bonuses of \$14,960,000, \$699,120, \$1,557,365, and \$1,303,073 for each of Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm, respectively. Each of GCI Liberty, Liberty Broadband and Liberty TripAdvisor also established maximum performance-based bonuses for Mr. Maffei of \$4,760,000, \$6,120,000 and \$1,700,000, respectively.

Each participant was entitled to receive from our company an amount (the **Qurate Retail Maximum Individual Bonus**) equal to 60% of the Qurate Retail Maximum Performance Bonus for that participant. The Qurate Retail Maximum Individual Bonus was subject to reduction based on a determination of the participant's achievement of qualitative criteria established with respect to the services to be performed by the participant on behalf of our company. Under Liberty Media's corollary program, each participant was entitled to receive from Liberty Media a maximum individual bonus, equal to 60% of his or her Liberty Media maximum performance bonus, subject to reduction based on a determination of the participant's achievement of qualitative criteria established with respect to the services to be performed by the participant on behalf of Liberty Media. Under the corollary programs of each of Liberty Broadband, GCI Liberty and Liberty TripAdvisor, Mr. Maffei was entitled to receive from the applicable Service Company a maximum individual bonus equal to 100% of his maximum performance bonus established by the applicable Service Company, subject to reduction based on a determination of Mr. Maffei's achievement of qualitative criteria established with respect to the services to be performed by him on behalf of that Service Company. Our compensation committee believes this construct was appropriate in light of the amended services agreement and the fact that each participant splits his or her professional time and duties.

Each participant was entitled to receive from our company an amount (the **Qurate Retail Maximum Corporate Bonus**) equal to 40% of his or her Qurate Retail Maximum Performance Bonus, subject to reduction based on a determination of the corporate performance of our company. Liberty Media has a corollary program pursuant to which each participant was entitled to receive from Liberty Media a bonus that is 40% of the Liberty Media maximum bonus, which was subject to reduction based on a determination of the corporate performance of Liberty Media.

In December 2020, our compensation committee and the Liberty Media compensation committee (and with respect to Mr. Maffei, the compensation committees of the other Service Companies) reviewed contemporaneously our respective named executive officers' individual performance and, with respect to our company and Liberty Media, corporate performance under each company's program. Notwithstanding this joint effort, our compensation committee retained sole and exclusive discretion with respect to the approval of award terms and amounts payable under our bonus program.

Individual Performance Bonus. Our compensation committee reviewed the individual performance of each participant to determine the reductions that would apply to each participant's Qurate Retail Maximum Individual Bonus. Our compensation committee took into account a variety of factors, without assigning a numerical weight to any single performance measure. This determination was based on reports to our board, the observations of committee members throughout the year, executive self-evaluations and, with respect to the participants other than Mr. Maffei, the observations and input of Mr. Maffei. In evaluating the performance of each of the participants for

determining the reduction that would apply to each named executive officer's Qurate Retail Maximum Individual Bonus, the following performance objectives related to our company which had been assigned to each participant for 2020 were considered:

Individual	Performance Objectives
Gregory B. Maffei	<ul style="list-style-type: none"> • Provide leadership to Qurate Retail Group to drive strategies, improve brand and increase shareholder value • Assess capital allocation strategies, capital structure and tax efficiency initiatives • Assist with hiring of senior officers at QVC • Monitor cost synergies against plan • Pursue additional capital funding strategies, particularly permanent capital alternatives • Support development and goals of management team; conduct succession planning at all levels • Develop ESG program for our company
Brian J. Wendling	<ul style="list-style-type: none"> • Ensure timely and accurate internal and external financial reports • Support ongoing assessments and improvements to the company's internal control structure • Manage company's capital expenditure plan with a particular focus on information technology • Continued development and training of accounting, reporting and internal audit staff • Assist other executives in accounting and financial related due diligence on potential acquisition targets • Assist treasury and management on evaluation of capital structures and capital allocation
Albert E. Rosenthaler	<ul style="list-style-type: none"> • Evaluate potential merger, acquisition and strategic investment opportunities • Assess capital structure and assist treasury with the execution of debt-related transactions and return of capital to shareholders • Continue oversight of tax and corporate development departments
Renee L. Wilm	<ul style="list-style-type: none"> • Oversee enhanced risk management and compliance efforts • Oversee executive recruiting and talent development at our company and assist with succession planning at QVC • Support subsidiary legal departments with regard to litigation, corporate and compliance support • Support treasury and management in evaluation of capital structures, capital allocation and strategic investments • Support development of ESG initiative

Following a review of the participants' performance and a review of the time allocated to matters for our company, our compensation committee determined to pay each participant the following portion of his or her Qurate Retail Maximum Individual Bonus:

Name	Qurate Retail Maximum Individual Bonus	Percentage Payable	Aggregate Dollar Amount
Gregory B. Maffei	\$3,876,000	78.13%	\$3,028,319
Brian J. Wendling	\$ 108,795	81.25%	\$ 88,396
Albert E. Rosenthaler	\$ 216,069	81.25%	\$ 175,556
Renee L. Wilm	\$ 128,520	87.50%	\$ 112,455

Corporate Performance Bonus. Our compensation committee then made a determination as to the reductions that would apply to each participant's Qurate Retail Maximum Corporate Bonus. In making this determination, our compensation committee reviewed forecasts of 2020 Adjusted OIBDA, revenue and free cash flow (as defined below) for QVC, HSN, Inc., Cornerstone Brands, Inc. and Zulily (collectively, the **Operating Companies**), all of which forecasts were prepared in December 2020 and are set forth in the table below. Also set forth in the table below are the corresponding actual financial measures achieved for 2020. Although forecasted revenue, Adjusted OIBDA and free cash flow deviated from the actual result, none of the deviations would have affected the amounts paid under the corporate performance bonus portion of the program. For purposes of the bonus program, Adjusted OIBDA is defined as revenue less cost of sales, operating expense and selling, general and administrative expense (excluding stock compensation).

	(dollar amounts in millions)		
	2020 Forecast	2020 Actual	Actual / Forecast
Revenue ⁽¹⁾	\$14,155	\$14,124	(0.22)%
Adjusted OIBDA ⁽¹⁾	\$ 2,203	\$ 2,224	0.95%
Free Cash Flow ⁽¹⁾⁽²⁾	\$ 2,159	\$ 2,342	8.49%

(1) Revenue, Adjusted OIBDA and Free Cash Flow amounts represent the summation of the Operating Companies. All calculations were performed on a constant currency basis.

(2) Defined for purposes of the bonus program as Adjusted OIBDA less all other operating and investing items on a constant currency basis.

In determining whether any reductions would be made to the Qurate Retail Maximum Corporate Bonus payable to each participant, our compensation committee weighted the corporate performance metrics as follows: 25% attributable to revenue growth, 50% attributable to Adjusted OIBDA growth and 25% attributable to free cash flow in comparison to budget.

Based on a review of the above forecasts and our compensation committee's consideration of our company's performance against plan for these measures, our compensation committee determined that the growth metrics were achieved to the extent described below:

Growth Factor	Qurate Retail
Revenue	25% of a possible 25%
Adjusted OIBDA	50% of a possible 50%
Free Cash Flow	25% of a possible 25%

Our compensation committee then translated the achievement of these growth metrics into a percentage payable to each participant of his or her Qurate Retail Maximum Corporate Bonus, as follows:

Name	Qurate Retail Maximum Corporate Bonus	Percentage Payable	Aggregate Dollar Amount
Gregory B. Maffei	\$2,584,000	100%	\$2,584,000
Brian J. Wendling	\$ 55,535	100%	\$ 55,535
Albert E. Rosenthaler	\$ 121,905	100%	\$ 121,905
Renee L. Wilm	\$ 98,407	100%	\$ 98,407

Aggregate Results. The following table presents information concerning the aggregate 2020 performance-based bonus amounts payable to each named executive officer by our company (other than Mr. George), after giving effect to the determinations described above.

Name	Individual Performance Bonus	Corporate Performance Bonus	Total Bonus
Gregory B. Maffei	\$3,028,319	\$2,584,000	\$5,612,319
Brian J. Wendling	\$ 88,396	\$ 55,535	\$ 143,931
Albert E. Rosenthaler	\$ 175,556	\$ 121,905	\$ 297,461
Renee L. Wilm	\$ 112,455	\$ 98,407	\$ 210,862

Our compensation committee then noted that, when combined with the total 2020 performance-based bonus amounts paid by Liberty Media (and, with respect to Mr. Maffei, the other Service Companies) to the overlapping named executive officers, Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm received \$27,917,713, \$664,867, \$1,459,432 and \$1,235,493, respectively. For more information regarding these bonus awards, please see the "Grants of Plan-Based Awards" table below.

QVC Bonus Award. Mr. George's 2020 performance-based bonus was structured to align with the 2020 performance-based bonus program established at QVC for QVC senior global officers. Pursuant to the program, Mr. George would be paid a cash bonus based upon 2020 Adjusted OIBDA performance on a constant currency basis. His target bonus amount would be 100% of his base salary as required by the terms of his employment agreement and his maximum bonus amount would be 240% of his base salary.

For any bonus to be paid, 2020 Adjusted OIBDA would need to equal or exceed \$1,851 million. If 2020 Adjusted OIBDA equaled or exceeded \$1,851 million, then Mr. George would be eligible to receive a maximum bonus of 240% of his base salary, subject to reduction in the discretion of our compensation committee based on 2020 Adjusted OIBDA performance and individual performance, among other things. 2020 Adjusted OIBDA was \$2,224 million, which exceeded the threshold for receiving a bonus payment. Our compensation committee then reviewed Mr. George's individual performance and the 2020 Adjusted OIBDA performance and awarded Mr. George a bonus of \$2,500,000, or 200% of his base salary.

Equity Incentive Compensation

The Qurate Retail, Inc. 2020 Omnibus Incentive Plan (the **2020 incentive plan**) provides, and the Qurate Retail, Inc. 2016 Omnibus Incentive Plan, as amended (the **2016 incentive plan**), before its replacement by the 2020 incentive plan, and the Liberty Interactive Corporation 2012 Incentive Plan and the Liberty Interactive Corporation 2010 Incentive Plan (As Amended and Restated Effective November 7, 2011) (each as amended), before their expiration, provided, for the grant of a variety of incentive awards, including stock options, restricted shares, restricted stock units (**RSUs**), stock appreciation rights and performance awards. Our compensation committee has a preference for grants of stock-based incentive awards (RSUs, restricted stock and options) as compared with cash incentive awards based on the belief that they better promote retention of key employees through the continuing, long-term nature of an equity investment. It is the policy of our compensation committee that stock options be awarded with an exercise price equal to fair market value on the date of grant, typically measured by reference to the closing price on the grant date. In the past, our company was not allocated any portion of the costs of the named executive officers' (other than Mr. George) equity awards. After the closing of the transactions that resulted in Qurate Retail acquiring a controlling equity interest in GCI Liberty that was subsequently split-off, Liberty Media's compensation committee reviewed this practice and determined that it would be appropriate to request each of our company and the other Service Companies to grant a portion of the equity awards granted to our named executive officers other than Mr. George, who receives equity awards from our company only. Liberty Media's compensation committee determined to allocate to each of our company, Liberty Broadband, Liberty TripAdvisor and GCI Liberty, a proportionate share of the aggregate equity grant value given to each named executive officer, other than Mr. George, based 50% on relative market capitalization and 50% on relative time spent by Liberty Media's employees working for such issuer. With respect to awards made to Mr. Maffei in 2020, the 2019 Maffei Employment Agreement provides that Mr. Maffei's aggregate annual equity award value will be granted across Liberty Media and the Service Companies by Liberty Media's compensation committee, our compensation committee and the compensation committees of Liberty TripAdvisor, Liberty Broadband and GCI Liberty based on two factors, each weighted 50%: (i) the relative market capitalization of each series of stock of each company and (ii) the average of (a) the percentage

allocation of time for all Liberty Media employees across all companies and (b) Mr. Maffei's percentage allocation of time across all companies, unless a different allocation method is agreed.

Maffei Annual Equity Awards. The 2019 Maffei Employment Agreement provides Mr. Maffei with the opportunity to earn equity awards during the employment term. See “—Executive Compensation Arrangement—Gregory B. Maffei” for additional information about the annual awards provided under the 2019 Maffei Employment Agreement.

When structuring the 2019 Maffei Employment Agreement, to further align Mr. Maffei's interests with those of the other stockholders, the compensation committee structured his annual equity award grants as either option awards or performance-based restricted stock units with meaningful payout metrics determined annually. This structure was designed to provide for alignment of interests with the company's stockholders and flexibility to the compensation committee to incent achievement of strategic objectives that may change or evolve over the term of the agreement.

The 2019 Maffei Employment Agreement provided that Mr. Maffei was entitled to receive from our company, Liberty Media and the other Service Companies in 2020 a combined target equity award value of \$17.5 million comprised of time-vested stock options, performance-based restricted stock units or a combination of award types, at Mr. Maffei's election.

In 2020, our compensation committee granted performance-based RSUs to Mr. Maffei in satisfaction of our obligations under the 2019 Maffei Employment Agreement for 19% of Mr. Maffei's aggregate annual equity award for 2020, or \$3,325,000. Our compensation committee believed that Mr. Maffei's RSU grants should be subject to performance metrics that incentivize and reward Mr. Maffei for successful completion of our company's strategic initiatives.

As a result, our compensation committee granted to Mr. Maffei 584,359 performance-based RSUs with respect to QRTEA shares (the **2020 Maffei RSUs**). Our compensation committee granted to Mr. Maffei the 2020 Maffei RSUs on March 12, 2020, which vest only upon attainment of the performance objectives described below.

Our compensation committee reviewed the financial performance of our company along with the personal performance of Mr. Maffei. Based on the compensation committee's assessment of his individual performance against the goals established in connection with the performance cash bonus program and general observation of his leadership and executive performance, our compensation committee approved vesting of all of the 2020 Maffei RSUs previously granted to Mr. Maffei.

For more information regarding the equity awards, see the “Grants of Plan-Based Awards” table below and “—Executive Compensation—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Maffei Annual Equity Awards” in Liberty Media's Definitive Proxy Statement on Schedule 14A with respect to its 2021 annual meeting of stockholders; “—Executive Compensation—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Maffei Annual Equity Awards” in Liberty TripAdvisor's Definitive Proxy Statement on Schedule 14A with respect to its 2021 annual meeting of stockholders; and “—Executive Compensation—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Maffei Annual Equity Awards” in Liberty Broadband's Definitive Proxy Statement on Schedule 14A with respect to its 2021 annual meeting of stockholders.

Other 2020 Awards

Multiyear Stock Options. Consistent with its previous practices, our compensation committee has made larger stock option grants (equaling approximately three to five years' value of the named executive officer's annual grants) that vest between two and five years after grant, rather than making annual grants over the same period. These multiyear grants provide for back-end weighted vesting and generally expire seven to ten years after grant to encourage executives to remain with the company over the long-term and to better align their interests with those of the stockholders.

In line with this philosophy, in connection with entering into, and pursuant to the terms of, the 2019 Maffei Employment Agreement, Mr. Maffei was entitled to an upfront equity award, to be granted in two tranches in December 2019 and December 2020 (the **Maffei Term Equity**). Nineteen percent of the 2019 tranche of the Maffei Term Equity, or \$8.55 million, was allocated to our company and 13% of the 2020 tranche of the Maffei Term Equity, or \$5.85 million, was allocated to our company following a reallocation in December 2020. In December 2019, Mr. Maffei received a grant of options representing the 2019 tranche of his Maffei Term Equity, which included options to purchase 2,133,697

QRTEA shares, with an exercise price of \$8.17, which vest on December 31, 2023 (the **2019 Maffei Term Options**), and in December 2020, Mr. Maffei received a grant of options representing the 2020 tranche of his Maffei Term Equity (the **2020 Maffei Term Options**), which included options to purchase 1,190,529 QRTEA shares, with an exercise price of \$10.34, which vest on December 31, 2024. See “—Executive Compensation Arrangements—Gregory B. Maffei” below. In December 2020, our compensation committee granted to each of Messrs. Wendling and Rosenthaler and Ms. Wilm the following multiyear stock option awards that equal the value of Messrs. Wendling’s and Rosenthaler’s annual grants that are expected to be granted to each for the period from January 1, 2021 through December 31, 2023, and in the case of Ms. Wilm, a top-up in value over grants already made for the period from January 1, 2021 through December 31, 2023 to reflect the increased responsibilities associated with her new role as Chief Administrative Officer: Mr. Wendling—66,242 options to purchase QRTEA shares (the **Wendling 2020 Multiyear Options**); Mr. Rosenthaler—119,663 options to purchase QRTEA shares (the **Rosenthaler 2020 Multiyear Options**); and Ms. Wilm—32,223 options to purchase QRTEA shares (the **Wilm 2020 Multiyear Options**, and together with the Rosenthaler 2020 Multiyear Options and the Wendling 2020 Multiyear Options, the **2020 NEO Multiyear Options**). The 2020 NEO Multiyear Options vest in equal installments on each of December 10, 2022 and 2023 and expire on the seventh anniversary of the grant date. See the “Grants of Plan-Based Awards” and the “Outstanding Equity Awards at Fiscal Year-End” tables below for more information about the 2020 NEO Multiyear Options.

Annual Performance Awards

Chief RSU Awards. Consistent with our practice since December 2014 of granting a combination of multiyear stock options and annual performance awards to senior officers, our compensation committee granted annual performance RSUs to Messrs. Wendling and Rosenthaler and Ms. Wilm in March 2020. Our compensation committee granted to each of Messrs. Wendling and Rosenthaler and Ms. Wilm 16,731, 34,446 and 27,680 QRTEA performance-based RSUs, respectively, on March 12, 2020, (collectively, the **2020 Chief RSUs**). The 2020 Chief RSUs would vest subject to the satisfaction of the performance objectives described below.

Our compensation committee adopted an annual, performance-based program for payment of the 2020 Chief RSUs and reviewed each named executive officer’s performance against that performance program to determine what portion of the award would be paid. Our compensation committee reviewed the 2020 personal performance of Messrs. Wendling and Rosenthaler and Ms. Wilm and considered the recommendations from Mr. Maffei. Mr. Maffei recommended that our committee vest 100% of the 2020 Chief RSUs based on his assessment of their individual performance against the goals established in connection with the performance cash bonus program and his general observation of their leadership and executive performance. Accordingly, our compensation committee approved vesting in full of the 2020 Chief RSUs previously granted to Messrs. Wendling and Rosenthaler and Ms. Wilm.

2020 Maffei Restructuring Restricted Stock Unit Grant. As described above, in April 2020, Mr. Maffei received a grant of 37,792 QRTEA restricted stock units (the **2020 Maffei Restructuring RSUs**) at the time of Mr. Maffei’s offer to waive and restructure his remaining unpaid 2020 calendar year base salary due to potential liquidity concerns at Liberty Media and the Service Companies resulting from the onset of the pandemic. The 2020 Maffei Restructuring RSUs vested on December 10, 2020.

QVC CEO RSUs. Pursuant to the George Employment Agreement, Mr. George is eligible for an annual \$4.125 million target grant of performance-based RSUs with respect to QRTEA stock. Accordingly, our compensation committee granted to Mr. George 724,956 QRTEA performance-based RSUs (the **2020 George RSUs**) on March 12, 2020, representing his target RSUs. The 2020 George RSUs would vest only upon attainment of the performance objectives described below.

Our compensation committee adopted an annual, performance-based program for payment of the 2020 George RSUs, which was structured to qualify as performance-based compensation under Section 162(m) of the Code. None of the 2020 George RSUs would vest unless a minimum corporate performance was achieved: the 2020 Adjusted OIBDA was required to exceed \$750 million (the **George Threshold**). If the George Threshold was met, the notional pool for payment of the 2020 George RSUs would be funded with 0.56% of the amount by which such 2020 Adjusted OIBDA exceeded \$750 million (the **George RSU pool**). A maximum payout equal to 1.5 times the target number of 2020 George RSUs or \$6,187,500 of grant value was established.

For purposes of the George RSU pool, 2020 Adjusted OIBDA was defined in the same manner as the cash performance bonus program for Mr. George. See “—2020 Performance-based Bonuses—QVC Bonus Award” above. Assuming the George Threshold of \$750 million was met and the George RSU pool was funded, the amount

earned would be subject to reduction from the maximum amount payable under the program based 60% on subjective performance criteria and 40% on objective performance criteria.

After review of our company's 2020 Adjusted OIBDA results, our compensation committee determined and certified that 175% of the target amount of 2020 George RSUs related to objective performance criteria could be paid to Mr. George. In addition, our compensation committee adopted the recommendation of Mr. Maffei as to the payout of the subjective portion of the 2020 George RSUs. Mr. Maffei recommended 110% payout of the target amount of 2020 George RSUs related to subjective performance criteria. Based on the combined subjective and objective performance criteria, our compensation committee determined to vest 136% of the target number of 2020 George RSUs, or 985,940 RSUs.

Preferred Stock Dividend and Cash Dividend Adjustments. In September 2020, we issued a special dividend (the **Dividend**) on each outstanding share of our common stock consisting of \$1.50 in cash per common share (the **cash dividend**) and 0.03 shares of 8% Series A Cumulative Redeemable Preferred Stock per common share, with cash paid in lieu of fractional shares (the **preferred stock dividend**). Since stock options did not participate in the Dividend, the number of shares of our common stock subject to, and the exercise price of, outstanding options were adjusted to preserve each option's intrinsic value and the ratio of the exercise price to market price. Outstanding restricted stock units participated in the Dividend in the following manner: (i) became eligible to receive the cash dividend, subject to the same terms and conditions as the corresponding original restricted stock unit (the **cash dividend equivalent rights**) and (ii) received restricted stock units of preferred stock with respect to the preferred stock dividend (the **preferred stock RSUs**), which preferred stock RSUs are subject to the same terms and conditions as the corresponding original restricted stock units. As a result, each of Messrs. Maffei, George, Wendling and Rosenthaler and Ms. Wilm received 18,663, 27,237, 547, 1,033 and 830 preferred stock RSUs, respectively, related to the 2020 Maffei RSUs, 2020 Maffei Restructuring RSUs, 2020 George RSUs, 2018 New CEO Performance RSUs (as defined below), 2020 Chief RSUs and RSUs granted to Mr. Wendling in 2019. In addition, their outstanding options were adjusted as described above in September 2020. In December 2020, we paid a special cash dividend on each outstanding share of our common stock consisting of \$1.50 in cash per common share (the **special cash dividend**). Since stock options did not participate in the special cash dividend, the number of shares of our common stock subject to, and the exercise price of, outstanding options were adjusted to preserve each option's intrinsic value and the ratio of the exercise price to market price. Outstanding restricted stock units participated in the special cash dividend and became eligible to receive the special cash dividend, subject to the same terms and conditions as the corresponding original restricted stock units (the **special cash dividend equivalent rights**). In December 2020, we also paid a quarterly cash dividend on each outstanding share of our 8.0% Series A Cumulative Redeemable Preferred Stock of \$2.01643836 in cash per preferred share (the **preferred stock quarterly cash dividend**). Outstanding preferred stock RSUs participated in the quarterly cash dividend, and became eligible to receive the quarterly cash dividend, subject to the same terms and conditions as the corresponding preferred stock RSU (the **quarterly cash dividend equivalent rights**). For more information, see the "Outstanding Equity Awards at Fiscal Year End" table below.

Vesting of 2018 New CEO Performance RSUs. In August 2018, our compensation committee approved a one-time grant of 182,983 performance-based restricted stock units with respect to QRTEA in recognition of Mr. George's appointment as our Chief Executive Officer and President (the **2018 New CEO Performance RSUs**). The 2018 New CEO Performance RSUs would vest, in our compensation committee's discretion, on December 21, 2020 based on its determination with respect to the performance of our company and Mr. George. The 2018 New CEO Performance RSUs were adjusted in September 2020 and December 2020 in connection with the Dividend and the special cash dividend, respectively, described above and became eligible to receive preferred stock RSUs (and related quarterly cash dividend equivalent rights), cash dividend equivalent rights and special cash dividend equivalent rights. In December 2020, our compensation committee reviewed Mr. George's and our company's performance over the past three years and approved partial vesting of the 2018 New CEO Performance RSUs. Accordingly, Mr. George earned 152,825 QRTEA shares, 4,584 QRTEP shares and \$467,718 in cash upon vesting.

Perquisites and Other Personal Benefits

The perquisites and other personal benefits available to our executives (that are not otherwise available to all of our salaried employees) consist of:

- limited personal use of Liberty Media's corporate aircraft (pursuant to aircraft time sharing agreements between our company and Liberty Media);
- in the case of Mr. Maffei, payment of legal expenses pertaining to his employment arrangement;

- occasional, personal use of Liberty Media’s apartment in New York City (pursuant to a sharing arrangement between our company and Liberty Media), which is primarily used for business purposes, and occasional, personal use of a company car and driver;
- in the case of Ms. Wilm, reimbursement of relocation expenses; and
- in the case of Mr. George, a tax gross-up relating to certain out of state income taxes to which Mr. George was subject in connection with the performance of his duties outside of QVC’s headquarters.

Taxable income may be incurred by our executives in connection with their receipt of perquisites and personal benefits. Other than with respect to Mr. George, as described below, we have not provided gross-up payments to our executives in connection with any such taxable income incurred during the past three years.

Aircraft Usage. On occasion, and with the approval of our Chairman, executives may have family members and other guests accompany them on Liberty Media’s corporate aircraft when traveling on business. Under the terms of the employment arrangements with our Chairman, our Chairman and his guests may use the corporate aircraft we share with Liberty Media for non-business purposes subject to specified limitations.

Pursuant to a February 5, 2013 letter agreement between Liberty Media and Mr. Maffei, Mr. Maffei is entitled to 120 hours per year of personal flight time through the first to occur of (i) the termination of his employment, subject to any continued right to use the corporate aircraft as described below or pursuant to the terms of his employment arrangement in effect at the time of the termination or (ii) the cessation of ownership or lease of corporate aircraft. During 2020, pursuant to November 11, 2015 and December 13, 2019 letter agreements between Liberty Media and Mr. Maffei, Mr. Maffei was entitled to 50 additional hours per year of personal flight time if he reimbursed Liberty Media for such usage through the first to occur of (i) the termination of his employment or (ii) the cessation of ownership or lease of corporate aircraft. If Mr. Maffei’s employment is terminated due to disability, for good reason or without cause, Mr. Maffei would be entitled to continued use of the corporate aircraft for 12 months after termination of his employment. Mr. Maffei incurs taxable income, calculated in accordance with the Standard Industry Fare Level (**SIFL**) rates, for all personal use of the corporate aircraft under the February 5, 2013 letter agreement. Mr. Maffei incurs taxable income at the SIFL rates minus amounts paid under time sharing agreements with Liberty Media for travel. Flights where there are no passengers on company-owned aircraft are not charged against the 120 hours of personal flight time per year allotted to Mr. Maffei if the flight department determines that the use of a NetJets, Inc. supplied aircraft for a proposed personal flight would be disadvantageous to our company due to (i) use of budgeted hours under the then current Liberty Media fractional ownership contract with NetJets, Inc. or (ii) higher flight cost as compared to the cost of using company-owned aircraft.

For disclosure purposes, we determine the aggregate incremental cost to the company of the executives’ personal flights by using a method that takes into account all operating costs related to such flights, including:

- landing and parking expenses;
- crew travel expenses;
- supplies and catering;
- aircraft fuel and oil expenses per hour of flight;
- aircraft maintenance and upkeep;
- any customs, foreign permit and similar fees; and
- passenger ground transportation.

Because the company’s aircraft is used primarily for business travel, this methodology excludes fixed costs that do not change based on usage, such as salaries of pilots and crew, and purchase or lease costs of aircraft.

Pursuant to our aircraft time sharing agreements with Liberty Media, we pay Liberty Media for any costs, calculated in accordance with Part 91 of the Federal Aviation Regulations, associated with Mr. Maffei using Liberty Media’s corporate aircraft for our company’s business matters along with the approved personal use of Liberty Media’s corporate aircraft that are allocable to our company. Pursuant to aircraft time sharing agreements between Liberty Media and Mr. Maffei, Mr. Maffei was responsible for reimbursing Liberty Media for costs associated with his 50 additional hours per year of personal flight time and such costs include the expenses listed above, insurance obtained for the specific flight and an additional charge equal to 100% of the aircraft fuel and oil expenses for the specific flight.

For purposes of determining an executive's taxable income, personal use of Liberty Media's aircraft is valued using a method based on SIFL rates, as published by the Treasury Department. The amount determined using the SIFL rates is typically lower than the amount determined using the incremental cost method. Under the American Jobs Creation Act of 2004, the amount we may deduct for a purely personal flight is limited to the amount included in the taxable income of the executives who took the flight. Also, the deductibility of any non-business use will be limited by Section 162(m) of the Code to the extent that the named executive officer's compensation that is subject to that limitation exceeds \$1 million. See "—Deductibility of Executive Compensation" below.

Liberty Media has a fractional ownership contract with NetJets, Inc. for business travel purposes. Given the coronavirus pandemic and the significant reduction in business travel, the minimum use of the NetJets contract would not be met and, therefore, the company's named executive officers and directors were afforded the opportunity to use a portion of the NetJets contract for personal use, provided that each such named executive officer or director was responsible for reimbursing Liberty Media for costs associated therewith. Such use resulted in no incremental cost to the company and the executives did not incur any taxable income in connection therewith.

Gross-Up. In 2020, Mr. George received a tax gross-up from QVC relating to certain out of state income taxes to which he was subject in connection with the performance of his duties outside of QVC's headquarters.

Changes for 2021

New Annual Cash Bonus Program

Our company, Liberty Media and each of the other Service Companies approved an annual cash bonus program that will apply to our named executive officers beginning in 2021. The compensation committees of each of these companies established for each named executive officer target and maximum bonus opportunities, sixty percent of which will be based on the officer's individual performance goals and forty percent on corporate performance goals that relate to our company, Liberty Media and each of the other Service Companies (including subsidiary financial metrics and corporate level achievements). Our company will pay directly to our other named executive officers (in addition to Mr. Maffei) the portion of the annual cash performance bonus that will be allocated to our company according to the same allocation schedule that applies to Mr. Maffei, pursuant to the amended services agreement. Mr. Maffei's compensation is allocated across Liberty Media, and each of our company and the other Service Companies based on two factors, each weighted 50%: (i) the relative market capitalization of each series of stock of each company and (ii) the average of (a) the percentage allocation of time for all Liberty Media employees across all companies and (b) Mr. Maffei's percentage allocation of time across all companies, unless a different allocation method is agreed.

Extension of George Employment Agreement

In November 2020, our subsidiary, QVC entered into the George Employment Agreement Extension to extend the term of Mr. George's services from the original expiration date of December 31, 2020 to December 31, 2021, unless terminated earlier in accordance with the terms of the George Employment Agreement Extension. Effective as of January 1, 2021, Mr. George's annual base salary was increased to \$1,500,000. In 2021, Mr. George will continue to be eligible to receive an annual cash bonus and his target bonus for 2021 will continue to be 100% of base salary with a maximum bonus of 240% of base salary, subject to the achievement of performance criteria established by our compensation committee. For 2021, Mr. George received an award of performance-based RSUs (the **George 2021 PRSUs**) with a target value equal to \$5,500,000 and a maximum value equal to \$8,250,000 that will vest subject to achievement of performance criteria established by our compensation committee and an award of RSUs (the **George 2021 RSUs**) with a value of \$5,500,000 that will vest subject to Mr. George's continued employment through December 10, 2021. The George 2021 PRSUs and George 2021 RSUs will vest upon Mr. George's death and termination due to disability and will be forfeited in connection with a termination for cause or resignation without good reason. Upon a termination without cause or resignation for good reason, subject to his execution of a release and continued compliance with restrictive covenants, Mr. George will be entitled to receive base salary continuation through the remainder of 2021, full vesting of the George 2021 RSUs and full vesting of the George 2021 PRSUs that are determined by our compensation committee to have been achieved based on performance criteria. Prior to entering into the George Employment Agreement Extension, our compensation committee considered the recommendation of Mr. Maffei with respect to Mr. George's compensation package for 2021.

Deductibility of Executive Compensation

In developing the 2020 compensation packages for the named executive officers, the deductibility of executive compensation under Section 162(m) of the Code is considered. That provision prohibits the deduction of compensation of more than \$1 million paid to certain executives, subject to certain exceptions. Following the enactment of the Tax Cuts and Jobs Act of 2017, beginning with the 2018 calendar year, the executives potentially affected by the limitations of Section 162(m) of the Code have been expanded and there is no longer any exception for qualified performance-based compensation. Although some performance-based awards will not result in a compensation deduction after 2017, we believe the transition rules in effect for binding contracts in effect on November 2, 2017 should continue to allow certain of these awards to maintain their exemption from the \$1 million annual deduction limitation for so long as such awards are not materially modified. However, portions of the compensation we pay to the named executive officers may not be deductible due to the application of Section 162(m) of the Code. Our compensation committee believes that the lost deduction on compensation payable in excess of the \$1 million limitation for the named executive officers is not material relative to the benefit of being able to attract and retain talented management.

Recoupment Provisions

In those instances where we grant cash or equity-based incentive compensation, we expect to include in the related agreement with the executive a right, in favor of our company, to require the executive to repay or return to the company any cash, stock or other incentive compensation (including proceeds from the disposition of shares received upon exercise of options or stock appreciation rights). That right will arise if (1) a material restatement of any of our financial statements is required and (2) in the reasonable judgment of our compensation committee, (A) such restatement is due to material noncompliance with any financial reporting requirement under applicable securities laws and (B) such noncompliance is a result of misconduct on the part of the executive. In determining the amount of such repayment or return, our compensation committee may take into account, among other factors it deems relevant, the extent to which the market value of the applicable series of our common stock was affected by the errors giving rise to the restatement. The cash, stock or other compensation that we may require the executive to repay or return must have been received by the executive during the 12-month period beginning on the date of the first public issuance or the filing with the SEC, whichever occurs earlier, of the financial statement requiring restatement. The compensation required to be repaid or returned will include (1) cash or company stock received by the executive (A) upon the exercise during that 12-month period of any stock appreciation right held by the executive or (B) upon the payment during that 12-month period of any incentive compensation, the value of which is determined by reference to the value of company stock, and (2) any proceeds received by the executive from the disposition during that 12-month period of company stock received by the executive upon the exercise, vesting or payment during that 12-month period of any award of equity-based incentive compensation. Beginning in December 2020, we also began including in new forms of equity-based award agreements a right, in favor of our company, to require the executive to repay or return to the company, upon a reasonable determination by our compensation committee that the executive breached the confidentiality obligations included in the agreement, all or any portion of the outstanding award, any shares received under awards during the 12-month period prior to any such breach or any time after such breach and any proceeds from the disposition of shares received under awards during the 12-month period prior to any such breach or any time after such breach.

Stock Ownership Guidelines

Our board of directors adopted stock ownership guidelines in March 2016 that generally require our executive officers to own shares of our company's stock equal to at least three times 50% of the total base salary paid by Liberty Media to such executive officer (or, in the case of Mr. George, at least three times the base salary paid to Mr. George by QVC). Our company's executive officers (other than Mr. George) have a similar stock ownership requirement at Liberty Media. Our executive officers generally have five years from the date of the policy, or five years from the date of their appointment to an executive officer role, to comply with these guidelines.

SUMMARY COMPENSATION TABLE

Name and Principal Position (as of 12/31/20)	Year	Salary (\$) ⁽¹⁾	Bonus (\$) ⁽²⁾	Stock Awards (\$) ⁽³⁾	Option Awards (\$) ⁽⁴⁾	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$) ⁽⁵⁾⁽⁶⁾⁽⁷⁾	Total (\$)
Gregory B. Maffei Chairman of the Board	2020	436,972	—	2,594,554	5,815,187	5,612,319	3,078,902 ⁽⁸⁾⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	17,537,934
	2019	1,167,798	950,000	3,807,616	7,491,251	1,005,096	284,316 ⁽⁹⁾⁽¹⁰⁾	14,706,077
	2018	1,112,188	—	3,406,581	3,917,379	691,661	164,431 ⁽⁹⁾⁽¹⁰⁾	9,292,240
Michael A. George President and Chief Executive Officer	2020	1,250,000	—	3,218,805	—	2,500,000	3,822,054 ⁽⁸⁾⁽¹²⁾	10,790,859
	2019	1,250,000	—	3,413,655	—	—	34,316 ⁽¹²⁾	4,697,971
	2018	1,250,000	—	8,197,083	4,096,072	412,500	37,406 ⁽¹²⁾⁽¹³⁾	13,993,061
Brian J. Wendling⁽¹⁴⁾ Chief Accounting Officer and Principal Financial Officer	2020	106,662	—	74,286	323,562	143,931	87,975 ⁽⁸⁾	736,416
	2019	85,111	—	142,207	—	61,408	7,594	296,320
	2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Albert E. Rosenthaler Chief Corporate Development Officer	2020	180,057	—	152,940	584,499	297,461	165,133 ⁽⁸⁾	1,380,090
	2019	204,399	—	243,297	—	199,289	7,815	654,800
	2018	245,935	—	525,525	—	257,438	14,059 ⁽¹⁰⁾⁽¹³⁾	1,042,957
Renee L. Wilm⁽¹⁵⁾ Chief Legal Officer	2020	142,800	—	122,899	157,395	210,862	145,179 ⁽⁸⁾⁽¹⁶⁾	779,135
	2019	26,923	—	67,336	1,319,153	21,418	5,981 ⁽¹⁶⁾	1,440,811
	2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a

- The amounts set forth in the table reflect compensation paid to our named executive officers by Liberty Media but allocable to our company under the amended services agreement (except with respect to Mr. Maffei's 2019 and 2018 base salary, which we paid directly pursuant to Mr. Maffei's prior employment agreement, and Mr. George, whose compensation reported above was paid directly by QVC with respect to the entire year, neither of which is covered by the services agreement). See "—Compensation Discussion and Analysis—Services Agreement." Pursuant to the 2019 Maffei Employment Agreement, beginning January 1, 2020 the amount of Mr. Maffei's base salary allocable to our company was \$570,000. Due to the financial impact of the coronavirus pandemic, for the period from April 4, 2020 through December 31, 2020, Mr. Maffei offered to waive the right to receive his base salary except for amounts sufficient to cover health insurance, flexible spending contributions and certain taxes. Mr. Maffei received an aggregate of \$155,800 in cash salary during 2020. In consideration for the portion of Mr. Maffei's base salary that he offered to waive and restructure, we granted to Mr. Maffei the 2020 Maffei Restructuring RSUs, which had a grant date fair value of \$281,172 and are detailed in the "Grants of Plan-Based Awards" table below.
- Represents only that portion of Mr. Maffei's cash commitment bonus allocated to our company under the amended services agreement in connection with the 2019 Maffei Employment Agreement. For a description of the allocation of Mr. Maffei's compensation among Liberty Media, our company and the other Service Companies pursuant to the 2019 Maffei Employment Agreement and the amended services agreement, see "—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement."
- Reflects, as applicable, the grant date fair value of the RSUs granted to our named executive officers during 2020, 2019 and 2018. The table reflects the grant date fair value of Mr. George's 2018 New CEO Performance RSUs, the performance-based RSUs granted to each of Messrs. Maffei, George and Rosenthaler during 2018 and to Messrs. Maffei, George, Wendling and Rosenthaler and Ms. Wilm in 2019, the 2020 Maffei RSUs, the 2020 George RSUs and the 2020 Chief RSUs. A maximum payout equal to 1.5 times the target number of 2020 Maffei RSUs and the RSUs granted to Mr. Maffei in 2019, or \$4.988 million and \$6.3 million, respectively, of grant value was established. A maximum payout equal to 1.5 times the target number of 2020 George RSUs and the RSUs granted to Mr. George in 2019, or \$6.188 million and \$6.188 million, respectively, of grant value was established. The grant date fair value of these awards has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 12 to our consolidated financial statements for the year ended December 31, 2020 (which are included in the 2020 Form 10-K).
- The grant date fair value of Mr. Maffei's 2020, 2019 and 2018 stock option awards, including the 2020 Maffei Term Options and the 2019 Maffei Term Options, Mr. George's New CEO Term Options, Ms. Wilm's 2019 multi-year stock option award and the 2020 NEO Multiyear Options have been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 12 to our consolidated financial statements for the year ended December 31, 2020 (which are included in the 2020 Form 10-K).
- The Liberty Media 401(k) Savings Plan provides employees with an opportunity to save for retirement. The Liberty Media 401(k) Savings Plan participants may contribute up to 75% of their eligible compensation on a pre-tax basis to the plan and an additional 10% of their eligible compensation on an after-tax basis (subject to specified maximums and IRS limits), and Liberty Media contributed a matching contribution based on the participants' own contributions up to the maximum matching contribution set forth in the plan. Our company reimburses Liberty Media under the services agreement for our allocable portion of the matching contribution for all of the named executive officers other than Mr. George. Participant contributions to the Liberty Media 401(k) Savings Plan are fully vested upon contribution.

Generally, participants acquire a vested right in our matching contributions as follows:

Years of Service	Vesting Percentage
Less than 1	0%
1 – 2	33%
2 – 3	66%
3 or more	100%

Included in this column, with respect to each named executive officer (except with respect to Mr. George, to whom matching contributions of \$12,825, \$12,600 and \$12,375 were made by QVC under its 401(k) savings plan in 2020, 2019 and 2018, respectively), are the following matching contributions made by Liberty Media to the Liberty Media 401(k) Savings Plan and allocated to our company under the services agreement in each of 2020, 2019 and 2018, respectively:

Name	Amounts (\$)		
	2020	2019	2018
Gregory B. Maffei	5,415	4,760	3,850
Brian J. Wendling	5,985	5,320	n/a
Albert E. Rosenthaler	5,415	6,160	7,425
Renee L. Wilm	3,990	—	n/a

With respect to these matching contributions, all of our named executive officers are fully vested other than Ms. Wilm who is 33% vested.

- (6) Included in this column are the following life insurance premiums paid by Liberty Media (with the exception of Mr. George, whose life insurance premium was paid by QVC), on behalf of each of the named executive officers and allocated to our company under the services agreement:

Name	Amounts (\$)		
	2020	2019	2018
Gregory B. Maffei	385	834	686
Michael A. George	2,322	1,935	2,322
Brian J. Wendling	359	281	n/a
Albert E. Rosenthaler	1,430	1,655	1,324
Renee L. Wilm	239	46	n/a

- (7) Liberty Media makes available to our personnel, including our named executive officers, tickets to various sporting events with no aggregate incremental cost attributable to any single person.
- (8) Includes the value of the cash dividend equivalent rights, preferred stock RSUs and cash in lieu of fractional preferred stock RSUs received by holders of RSUs in connection with the Dividend in September 2020, and the value of the special cash dividend equivalent rights received by holders of RSUs in December 2020, in each case, to the extent such amounts were not factored into the grant date fair value of the underlying awards computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. In the table below, a combination of the cash dividend equivalent rights, cash in lieu of fractional preferred stock RSUs and special cash dividend equivalent rights are referred to as Cash. Such amounts include:

Name	Value (\$)	
	Cash	Incremental Stock-Based Compensation for Preferred Stock RSUs
Gregory B. Maffei	1,904,238	917,310
Michael A. George	2,686,557	1,112,594
Brian J. Wendling	56,045	25,586
Albert E. Rosenthaler	105,458	52,830
Renee L. Wilm	84,753	42,443

(9) Includes the following:

	Amounts (\$)		
	2020	2019	2018
Compensation related to personal use of corporate aircraft ^(a)	126,930	275,900	157,406

(a) Calculated based on aggregate incremental cost of such usage to our company.

- (10) Liberty Media owns an apartment in New York City which is primarily used for business purposes. Messrs. Maffei and Rosenthaler occasionally used this apartment for personal reasons during the years indicated above. From time to time, we pay the cost of miscellaneous shipping and catering expenses for Mr. Maffei.
- (11) Includes the payment of \$124,035 in 2020 for legal expenses pertaining to Mr. Maffei's employment agreement entered into in December 2019.
- (12) Includes tax gross-ups in the following amounts relating to certain out of state income taxes to which Mr. George was subject as a result of the performance of his duties outside of QVC's headquarters:

	Amounts (\$)		
	2020	2019	2018
	7,756	19,781	12,709

- (13) Includes \$10,000 and \$5,000 in 2018 in charitable contributions made on behalf of Mr. George and Mr. Rosenthaler, respectively, pursuant to our political action committee matching contribution program.
- (14) Mr. Wendling was promoted to the Principal Financial Officer role at our company in July 2019, and the Chief Accounting Officer role at our company in January 2020, and was a named executive officer of our company for the first time in 2019. His compensation for 2018 has been omitted in reliance upon the SEC's interpretive guidance.
- (15) Ms. Wilm assumed the role of Chief Legal Officer of our company effective September 23, 2019, and the role of Chief Administrative Officer in January 2021.
- (16) Includes the following relocation expenses paid on behalf of Ms. Wilm:

	Amounts (\$)		
	2020	2019	2018
	13,754	5,935	n/a

EXECUTIVE COMPENSATION ARRANGEMENTS

Gregory B. Maffei

2019 Maffei Employment Agreement

Liberty Media entered into the 2019 Maffei Employment Agreement with Mr. Maffei, effective December 13, 2019. The arrangement provides for a five year employment term beginning January 1, 2020 and ending December 31, 2024, with an annual base salary of \$3 million (with no contracted increase) and a one-time cash commitment bonus of \$5 million paid in 2019, an annual target cash performance bonus equal to \$17 million (with payment subject to the achievement of one or more performance metrics as determined by the applicable company's compensation committee with respect to its allocable portion), upfront equity awards (with an aggregate grant date fair value of \$90 million to be granted in two equal tranches) and annual equity awards with an aggregate target grant date fair value of \$17.5 million.

Liberty Media paid Mr. Maffei his \$5 million cash commitment bonus in 2019, and we reimbursed Liberty Media for our allocable portion (which was 19%) in 2019.

Maffei Term Equity Awards

Also, on December 13, 2019, in connection with the execution of the 2019 Maffei Employment Agreement, Mr. Maffei became entitled to receive term equity awards with an aggregate grant date fair value of \$90 million (the **Upfront Awards**) to be granted in two equal tranches. The first tranche consisted of time-vested stock options from each of our company, Liberty Media, Liberty Broadband and GCI Liberty and time-vested restricted stock units from Liberty TripAdvisor (collectively, the **2019 term awards**) that vest, in each case, on December 31, 2023 (except Liberty TripAdvisor's award of time-vested restricted stock units, which vests on December 15, 2023), subject to Mr. Maffei's continued employment, except as described below. Qurate Retail's portion of the 2019 term awards consisted of stock options to purchase 2,133,697 QRTEA shares, with a term of seven years.

The second tranche of the Upfront Awards was granted in December 2020 and consisted of time-vested stock options from each of our company, Liberty Media, Liberty Broadband and GCI Liberty and time-vested restricted stock units from Liberty TripAdvisor (collectively, the **2020 term awards**). The 2020 term awards will vest, in each case, on December 31, 2024, subject to Mr. Maffei's continued employment (except Liberty TripAdvisor's award of time-vested restricted stock units, which vests on December 7, 2024), except as described below. Qurate Retail's portion of the 2020 term awards consisted of stock options to purchase 1,190,529 QRTEA shares, with a term of seven years.

Annual Awards

Pursuant to the 2019 Maffei Employment Agreement, the aggregate grant date fair value of Mr. Maffei's annual equity awards is \$17.5 million for each year during the term of the 2019 Maffei Employment Agreement and is comprised of awards of time-vested stock options (the **Annual Options**), performance-based restricted stock units (**Annual Performance RSUs**) or a combination of award types, at Mr. Maffei's election, allocable across our company, Liberty Media and each of the other Service Companies (collectively, the **Annual Awards**). Vesting of any Annual Performance RSUs will be subject to the achievement of one or more performance metrics to be approved by our compensation committee and the compensation committee of Liberty Media or the applicable Service Company with respect to its allocable portion of the Annual Performance RSUs. For a description of Mr. Maffei's Annual Awards, see “—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Maffei Annual Equity Awards.”

Aircraft Usage

Pursuant to a February 5, 2013 letter agreement between Mr. Maffei and Liberty Media, Mr. Maffei is entitled to 120 hours per year of personal flight time through the first to occur of (i) the termination of his employment, subject to any continued right to use the corporate aircraft as described below or pursuant to the terms of his employment arrangement in effect at the time of the termination or (ii) the cessation of ownership or lease of corporate aircraft. During 2020, pursuant to the November 11, 2015 and December 13, 2019 letter agreements between Liberty Media and Mr. Maffei, Mr. Maffei was entitled to 50 additional hours per year of personal flight time if he reimbursed us for such usage through the first to occur of (i) the termination of his employment or (ii) the cessation of ownership or lease of corporate aircraft. If Mr. Maffei's employment is terminated due to disability, for good reason or without cause, Mr. Maffei would be entitled to continued use of the company's aircraft for 12 months after termination of his employment. Mr. Maffei incurs taxable income, calculated in accordance with the SIFL value, for all personal use of corporate aircraft under the February 5, 2013 letter agreement. Mr. Maffei incurs taxable income at the SIFL rates minus amounts paid under time sharing agreements with Liberty Media. Pursuant to aircraft time sharing agreements between Liberty Media and Qurate Retail, we pay Liberty Media for any costs, calculated in accordance with Part 91 of the Federal Aviation regulations associated with Mr. Maffei using the corporate aircraft that are allocable to us. We reimburse Liberty Media for Mr. Maffei's use of the corporate aircraft for our business, and we also reimburse Liberty Media for Mr. Maffei's personal use of the corporate aircraft. Pursuant to the aircraft time sharing agreements between Liberty Media and Mr. Maffei, Mr. Maffei reimburses Liberty Media for costs associated with his up to 50 hours of personal use of the corporate aircraft under the November 11, 2015 and December 13, 2019 letter agreements. Flights where there are no passengers on company-owned aircraft are not charged against the 120 hours of personal flight time per year allotted to Mr. Maffei if the flight department determines that the use of a NetJets, Inc. supplied aircraft for a proposed personal flight would be disadvantageous to Liberty Media due to (i) use of budgeted hours under the then current Liberty Media fractional ownership contract with NetJets, Inc. or (ii) higher flight cost as compared to the cost of using company owned aircraft.

Termination Payments and Benefits

Mr. Maffei will be entitled to the following payments and benefits from Liberty Media (with Liberty Media being reimbursed by our company for its allocated portion of the severance benefits pursuant to the amended services agreement) if his employment is terminated at Liberty Media under the circumstances described below, subject to the execution of releases by Liberty Media and Mr. Maffei in a form to be mutually agreed. The following discussion also summarizes the termination payments and benefits that Mr. Maffei would be entitled to if his services are terminated at our company under the scenarios described below.

Termination by Liberty Media without Cause or by Mr. Maffei for Good Reason. If Mr. Maffei's employment is terminated by Liberty Media without cause (as defined in the 2019 Maffei Employment Agreement) or if Mr. Maffei terminates his employment for good reason (as defined in the 2019 Maffei Employment Agreement), he is entitled

to the following: (i) his accrued base salary, any accrued but unpaid bonus for the prior completed year, any unpaid expense reimbursements and any amounts due under applicable law; (ii) a severance payment of two times his base salary during the year of his termination to be paid in equal installments over 24 months; (iii) fully vested shares with an aggregate grant date fair value of \$35 million consisting of shares of the applicable series of common stock from Liberty Media, Liberty Broadband, Liberty TripAdvisor and us; (iv) full vesting of his upfront equity awards and full vesting of the annual equity awards for the year in which the termination occurs (including the grant and full vesting of such annual equity awards if the termination occurs before they have been granted); (v) lump sum cash payment of two times the average annual cash performance bonus paid for the two calendar years ending prior to the termination, but in no event less than two times his target annual cash performance bonus of \$17 million, with (subject to certain exceptions) up to 25% of such amount payable in shares of the applicable series of common stock from Liberty Media, Liberty Broadband, Liberty TripAdvisor and us; (vi) a lump sum cash payment equal to the greater of (x) \$17 million and (y) the annual cash performance bonus otherwise payable for the year of termination, in each case, prorated based on the number of days that have elapsed within the year of termination (including the date of termination), with (subject to certain exceptions) up to 25% of such amount payable in shares of the applicable series of common stock from Liberty Media, Liberty Broadband, Liberty TripAdvisor and us; and (vii) continued use for 12 months after such termination of certain services and perquisites provided by Liberty Media, including continued use of Liberty's aircraft (collectively, the **severance benefits**).

Termination at our Company by our Company without Cause or by Mr. Maffei for Good Reason. If Mr. Maffei's services at our company are terminated by us without cause (as defined in the 2019 Maffei Employment Agreement) or by Mr. Maffei for good reason (as defined in the 2019 Maffei Employment Agreement), he will be entitled to full vesting of the upfront equity awards and the annual equity awards, in each case, granted by us for the year of his termination, and if Mr. Maffei remains employed by Liberty Media at or following the date of termination of his services to our company, he will also be entitled to payment of our allocated portion of the annual cash performance bonus for the year, prorated for the portion of the calendar year in which Mr. Maffei served as an officer of our company. Other than as described above, no severance benefits will be due to Mr. Maffei if he remains employed by Liberty Media at or following the date of termination of his services to our company.

Termination by Reason of Death or Disability. In the event of Mr. Maffei's death or disability, he will be entitled to the same payments and benefits as if his services had been terminated without cause or for good reason as described in "—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement—Termination by Liberty Media without Cause or for Mr. Maffei for Good Reason."

For Cause Termination at our Company. In the event Mr. Maffei's services to our company are terminated by us for cause, he will forfeit any unvested portion of the upfront equity awards granted by us, and if the termination for cause occurs before the close of business on December 31 of the relevant grant year, Mr. Maffei will forfeit our allocated portion of the annual cash performance bonus and all of the annual equity awards granted by our company for that grant year. If Mr. Maffei's services are terminated by our company for cause after the close of business on December 31 of the relevant grant year, but prior to the date on which our compensation committee certifies achievement of the performance metric for any outstanding performance-based restricted stock units for the grant year, the award will remain outstanding until such date and will vest to the extent determined by our compensation committee.

Voluntary Termination at our Company without Good Reason. If Mr. Maffei voluntarily terminates the services he provides to us without good reason, he will be entitled to pro rata vesting of the upfront equity awards granted by our company (based on the number of days that have elapsed from the grant date and a four-year vesting period), pro rata vesting of his annual equity awards for the year of termination granted by us (based on the elapsed number of days in the calendar year of termination) and a pro rata payment of our allocated portion of his annual cash performance bonus of \$17 million (based upon the elapsed number of days in the calendar year of termination). Any performance-based restricted stock units for the year of termination that are unvested on the date of termination will remain outstanding until the performance criteria is determined and will vest pro rata (based upon the elapsed number of days in the calendar year of termination) to the extent determined by our compensation committee (at a level not less than 100% of the target award). Other than as described above, no severance benefits will be due to Mr. Maffei if he remains employed by Liberty Media at or following the date of termination of his services to us. If Mr. Maffei also voluntarily terminates his employment with Liberty Media, rather than being entitled to payment of our allocated portion of his annual cash bonus, Mr. Maffei would be entitled to receive a payment from Liberty Media equal to \$17 million, prorated based upon the elapsed number of days in the calendar year of termination. Our company would reimburse Liberty Media for our allocable portion of this payment.

Michael A. George

September 2015 Employment Arrangement

On September 27, 2015, the compensation committee approved a compensation arrangement with Michael A. George, then President and Chief Executive Officer of QVC. The arrangement provides for a five year employment term beginning December 16, 2015 and ending December 31, 2020, with an annual base salary of \$1.25 million and an annual target cash bonus equal to 100% of Mr. George's annual base salary.

The arrangement also provides Mr. George with the opportunity to earn annual performance-based equity incentive awards during the employment term, as described in more detail below. In connection with the approval of his compensation arrangement, Mr. George was granted the 2015 Term Options with respect to shares of QRTEA, also as described in more detail below. Mr. George's compensation arrangement was memorialized in the George Employment Agreement executed on December 16, 2015.

The arrangement also provides that, in the event Mr. George is terminated for cause (as defined in the George Employment Agreement) or he terminates his employment without good reason (as defined in the George Employment Agreement), he will be entitled only to his accrued base salary and any amounts due under applicable law, and he will forfeit all rights to his unvested performance-based equity incentive awards and unvested 2015 Term Options. Upon a termination for cause, his vested options remain exercisable for 90 days. In addition, if Mr. George terminates his employment without good reason, he will be entitled to any awarded but unpaid annual bonus. If, however, Mr. George is terminated by QVC without cause or if he terminates his employment for good reason, the arrangement provides (i) for him to receive one year of base salary, a \$1.5 million lump sum payment, and any awarded but unpaid annual bonus, (ii) for his unvested 2015 Term Options to vest pro rata on a tranche-by-tranche basis based on the portion of the term that has elapsed through the termination date plus 12 months and for all vested and accelerated options to remain exercisable until the earlier of (x) their original expiration date or (y) two years from the termination (except if Mr. George dies during such two-year period, the later of (a) the end of such two-year period and (b) the end of the one-year period that began on his date of death) and (iii) for any performance-based equity awards (not including the New Performance RSUs (as defined below)) that are issued and outstanding but unvested as of the date of termination to remain outstanding until the end of the applicable performance period, for the compensation committee to then determine whether the performance criteria for such performance period were met, and to the extent such criteria were met, for payment of a pro rata portion of such performance-based equity incentive awards based on the number of days he was employed during the applicable performance period. If Mr. George's employment is terminated by QVC without cause or if he terminates his employment for good reason within six months after a change in control of QVC then he will receive the same payments as if his termination had occurred absent the change in control, except that Mr. George will also be entitled to full vesting of (i) any unvested 2015 Term Options as of his termination date, which will remain exercisable through the original expiration date, and (ii) any unvested performance-based equity incentive awards that are issued and outstanding as of his termination date. Lastly, in the case of Mr. George's death or disability, the arrangement provides for (i) a payment of one year of base salary and any awarded but unpaid annual bonus, (ii) full vesting of unvested 2015 Term Options, with such options remaining exercisable through the original expiration date and (iii) full vesting of any then issued and outstanding but unvested performance-based equity incentive awards.

As a condition to Mr. George's receipt of any severance payments as a result of his termination, as well as any acceleration of vesting or extension of exercise periods for his equity grants, Mr. George must execute a severance agreement and release in favor of QVC in accordance with the procedures set forth in the George Employment Agreement. Mr. George's receipt of severance benefits is also conditioned on his compliance with the post-termination non-compete restrictions in his employment agreement.

2015 Term Options

Also, on September 27, 2015, in connection with the approval of his compensation arrangement, the compensation committee approved a one-time grant of 1,680,065 stock options to Mr. George to purchase shares of QRTEA with an exercise price of \$26.00 per share (the **2015 Term Options**), which was the closing price of QRTEA on September 28, 2015, the grant date for these options. The 2015 Term Options were fully vested as of December 31, 2020 and will expire on December 31, 2022.

Annual Performance-Based Awards

Since 2016, Mr. George has received an annual \$4.125 million grant of performance-based RSUs with respect to QRTEA. The compensation committee will establish performance metrics with respect to each grant of performance-based RSUs that will determine, in the compensation committee's sole discretion, the extent to which such grant will vest. For a description of Mr. George's 2020 performance-based RSU award, see “—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Annual Performance Awards—QVC CEO RSUs.”

New Qurate Retail CEO Awards

On August 13, 2018, the compensation committee approved a one-time grant of stock options (the **New CEO Term Options**) and the 2018 New CEO Performance RSUs to Mr. George in recognition of his appointment as Chief Executive Officer and President of our company. The New CEO Term Options consist of 577,358 options to purchase shares of QRTEA with an exercise price of \$22.18 per share, which was the closing price on August 15, 2018, the grant date for the New CEO Term Options. The New CEO Term Options were fully vested as of December 15, 2020 and have a term of seven years.

The 2018 New CEO Performance RSUs consist of 182,983 performance-based RSUs with respect to QRTEA. The grant date for the 2018 New CEO Performance RSUs was August 15, 2018. On December 21, 2020, 152,825 of the 2018 New CEO Performance RSUs vested and the remainder terminated.

Equity Incentive Plans

The 2020 incentive plan is administered by the compensation committee of our board of directors with regard to all awards granted under the 2020 incentive plan (other than awards granted to the nonemployee directors), and the compensation committee has full power and authority to determine the terms and conditions of such awards. The 2020 incentive plan is administered by the full board of directors with regard to all awards granted under the 2020 incentive plan to nonemployee directors, and the full board of directors has full power and authority to determine the terms and conditions of such awards. The 2020 incentive plan is designed to provide additional remuneration to officers, employees, nonemployee directors and independent contractors for service to our company and to encourage those persons' investment in our company. Non-qualified stock options, SARs, restricted shares, restricted stock units, cash awards, performance awards or any combination of the foregoing may be granted under the 2020 incentive plan (collectively, **incentive plan awards**).

As of December 31, 2020, (i) the maximum number of shares of our common stock with respect to which incentive plan awards may be issued under the 2020 incentive plan is 37,979,084 subject to anti-dilution and other adjustment provisions of the 2020 incentive plan and (ii) no nonemployee director may be granted during any calendar year incentive plan awards having a value (as determined on the grant date of such award) in excess of \$1 million. Shares of our common stock issuable pursuant to incentive plan awards made under the existing incentive plans are made available from either authorized but unissued shares or shares that have been issued but reacquired by our company.

QVC 1997 Nonqualified Defined Pension Restoration Plan, As Amended and Restated

The QVC 1997 Nonqualified Defined Pension Restoration Plan, as amended and restated (the **Pension Restoration Plan**), in which Mr. George is a participant, is unfunded and is maintained primarily for the purpose of providing a select group of QVC-U.S.'s management with a nonqualified defined contribution benefit. Effective as of January 1, 2012, the Pension Restoration Plan has been frozen so that no additional amounts may be credited to the Pension Restoration Plan, and no additional employees may be eligible to participate. Participants' existing account balances will continue to be credited with earnings at the rate of, (1) for certain amounts credited to a participant's account for the period prior to January 1, 2006, 12% per annum for amounts credited for the period from the date on which such amount was credited through October 31, 2011 or, (2) for all other amounts, the prime lending rate identified by the Bank of New York, plus 3%, each compounded annually at the end of the calendar year. Distribution of participants' vested percentages will be made in a single lump sum payment on the first day of the month following such participant's separation from service, with the exception of specified employees who are subject to Section 409A of the Code, and thus receive the payment on the first day of the sixth month of such employee's separation. The Pension Restoration Plan can be amended or terminated at any time.

Pay Ratio Information

We are providing the following information about the relationship of the median annual total compensation of our employees and the total compensation of Mr. George, our chief executive officer on December 31, 2020 pursuant to the SEC's pay ratio disclosure rules set forth in Item 402(u) of Regulation S-K. We believe our pay ratio is a reasonable estimate calculated in a manner consistent with the SEC's pay ratio disclosure rules. However, because these rules provide flexibility in determining the methodology, assumptions and estimates used to determine pay ratios and the fact that workforce composition issues differ significantly between companies, our pay ratio may not be comparable to the pay ratios reported by other companies.

To identify our median employee, we first determined our employee population as of December 31, 2020, which consisted of employees located in the U.S., China, Germany, Italy, Japan, Poland and the United Kingdom, representing all full-time, part-time, seasonal and temporary employees employed by our company and our consolidated subsidiaries, QVC, Cornerstone Brands, Inc., HSN, Inc. and Zulily, on that date. As is typical for a retail company, a significant portion of our employee population works in call centers, warehouses and distribution centers operated by our subsidiaries. Using information from our payroll records and Form W-2s (or its equivalent for non-U.S. employees), we then measured each employee's gross wages for calendar year 2020, consisting of base salary, commissions, actual bonus payments, long-term incentive cash payments, if any, realized equity award value and taxable fringe benefits. We did not annualize the compensation of employees who were new hires or took a leave of absence in 2020. Also, we did not annualize the compensation of our temporary or seasonal employees. In addition, we did not make any cost-of-living adjustments to the gross wages information.

Once we identified our median employee, we then determined the median employee's total compensation, including any perquisites and other benefits, in the same manner that we determined the total compensation of our named executive officers for purposes of the Summary Compensation Table above. The ratio of our chief executive officer's total annual compensation to that of the median employee was as follows:

Chief Executive Officer Total Annual Compensation	\$10,790,859
Median Employee Total Annual Compensation	\$ 28,919
Ratio of Chief Executive Officer to Median Employee Total Annual Compensation	373:1

GRANTS OF PLAN-BASED AWARDS

The following table contains information regarding plan-based incentive awards granted during the year ended December 31, 2020 to the named executive officers.

Name	Grant Date	Estimated Future Payouts under Non-Equity Incentive Plan Awards			Estimated Future Payouts under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Options Awards (\$)
		Threshold (\$) ⁽¹⁾	Target (\$) ⁽¹⁾	Maximum (\$) ⁽²⁾	Threshold (#) ⁽³⁾	Target (#) ⁽³⁾	Maximum (#) ⁽⁴⁾				
Gregory B. Maffei											
	03/12/2020 ⁽⁵⁾	—	3,230,000	6,460,000	—	—	—	—	—	—	—
QRTEA	03/12/2020 ⁽⁶⁾⁽⁷⁾	—	—	—	—	584,359	876,538	—	—	—	2,594,554
QRTEA	04/14/2020 ⁽⁶⁾⁽⁸⁾	—	—	—	—	—	—	37,792 ⁽⁹⁾	—	—	281,172
QRTEA	12/10/2020 ⁽¹⁰⁾⁽¹¹⁾	—	—	—	—	—	—	—	1,190,529 ⁽¹²⁾	10.34	5,815,187
Michael A. George											
	03/12/2020 ⁽⁵⁾	—	—	3,000,000	—	—	—	—	—	—	—
QRTEA	03/12/2020 ⁽⁶⁾⁽⁷⁾	—	—	—	—	724,956	1,087,434	—	—	—	3,218,805
Brian J. Wendling											
	03/12/2020 ⁽⁵⁾	—	—	164,330	—	—	—	—	—	—	—
QRTEA	03/12/2020 ⁽⁶⁾⁽⁷⁾	—	—	—	—	16,731	—	—	—	—	74,286
QRTEA	12/10/2020 ⁽¹⁰⁾⁽¹³⁾	—	—	—	—	—	—	—	66,242 ⁽¹⁴⁾	10.34	323,562
Albert E. Rosenthaler											
	03/12/2020 ⁽⁵⁾	—	—	337,973	—	—	—	—	—	—	—
QRTEA	03/12/2020 ⁽⁶⁾⁽⁷⁾	—	—	—	—	34,446	—	—	—	—	152,940
QRTEA	12/10/2020 ⁽¹⁰⁾⁽¹³⁾	—	—	—	—	—	—	—	119,663 ⁽¹⁴⁾	10.34	584,499
Renee L. Wilm											
	03/12/2020 ⁽⁵⁾	—	—	226,927	—	—	—	—	—	—	—
QRTEA	03/12/2020 ⁽⁶⁾⁽⁷⁾	—	—	—	—	27,680	—	—	—	—	122,899
QRTEA	12/10/2020 ⁽¹⁰⁾⁽¹³⁾	—	—	—	—	—	—	—	32,223 ⁽¹⁴⁾	10.34	157,395

- (1) Our 2020 performance-based bonus program does not provide for a threshold bonus amount. The program also does not provide for a target payout amount for any named executive officer, other than Mr. Maffei pursuant to the 2019 Maffei Employment Agreement, that would be payable upon satisfaction of the performance criteria under the 2020 performance-based bonus program. For the actual bonuses paid by our company and QVC, as applicable, see the amounts included for 2020 in the column entitled Non-Equity Incentive Plan Compensation in the “Summary Compensation Table” above.
- (2) With respect to Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm, represents the maximum amount that would have been payable to each named executive officer assuming (x) the full 60% of the participant’s maximum bonus amount attributable to individual performance was attained and (y) the full 40% of the participant’s maximum bonus amount attributable to corporate performance of our company was attained. For more information on this performance bonus program, see “—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—2020 Performance-based Bonuses—Qurate Retail Awards—Overview.” With respect to Mr. George, represents the maximum amount that would have been payable to Mr. George assuming (x) the 2020 Adjusted OIBDA minimum of \$1,851 million was achieved and (y) both the 2020 OIBDA performance and the individual performance metrics were satisfied at a level such that no reduction was made to the maximum amount payable by our compensation committee. For more information on this performance bonus program, see “—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—2020 Performance-based Bonuses—QVC Bonus Award.”
- (3) The terms of each of the 2020 Maffei RSUs, the 2020 Chief RSUs and the 2020 George RSUs do not provide for a threshold amount that would be payable upon satisfaction of the performance criteria established by the compensation committee. With respect to the 2020 Maffei RSUs and the 2020 George RSUs, the amount in the Target column represents the target amount that would have been payable to Messrs. Maffei and George, respectively, assuming achievement of the target performance goals. With respect to the 2020 Chief RSUs, the amounts in the Target column represent the target amount that would have been payable to the award holder assuming (x) maximum achievement of the performance goals was attained and (y) our compensation committee determined not to reduce such payout after considering the criteria established by our compensation committee in March 2020. For the actual 2020 Maffei RSUs, 2020 Chief RSUs and 2020 George RSUs that vested, see “—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Maffei Performance-based Equity Awards” and “—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Annual Performance Awards.”
- (4) With respect to the 2020 Maffei RSUs and the 2020 George RSUs, the amount in the Maximum column represents the maximum amount that would have been payable assuming maximum achievement of the performance goals. For more information on the named executive officers’ performance-based RSU awards, see “—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Maffei Performance-based Equity Awards” and “—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Annual Performance Awards.”

- (5) Reflects the date on which our compensation committee established the terms of the 2020 performance-based bonus program, as described under “—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—2020 Performance-based Bonuses—Qurate Retail Awards—Overview” and “—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—2020 Performance-based Bonuses—QVC Bonus Award.”
- (6) Granted under the 2016 incentive plan.
- (7) Reflects the date on which our compensation committee established the terms of the 2020 Maffei RSUs, the 2020 Chief RSUs and the 2020 George RSUs, as described under “—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Maffei Performance-based Equity Awards” and “—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Annual Performance Awards.”
- (8) Reflects the date on which our compensation committee established the terms of the 2020 Maffei Restructuring RSUs.
- (9) The 2020 Maffei Restructuring RSUs, which vested in full on December 10, 2020.
- (10) Granted under the 2020 incentive plan.
- (11) Reflects the date on which our compensation committee established the terms of the 2020 Maffei Term Options.
- (12) Vests in full on December 31, 2024.
- (13) Reflects the date on which our compensation committee established the terms of the 2020 NEO Multiyear Options as described under “—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Other 2020 Awards.”
- (14) Vests 50% on December 10, 2022 and 50% on December 10, 2023.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table contains information regarding unexercised options and unvested awards of RSUs which were outstanding as of December 31, 2020 and held by the named executive officers.

Name	Option awards					Stock awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)	
Gregory B. Maffei										
<i>Option Awards</i>										
QRTEA	352,707	—	—	14.62	12/26/2024	—	—	—	—	
QRTEA	—	3,772,871 ⁽¹⁾	—	4.65	12/15/2026	—	—	—	—	
QRTEA	—	1,190,529 ⁽²⁾	—	10.34	12/10/2027	—	—	—	—	
QRTEB	1,137,228	—	—	16.97	12/24/2021	—	—	—	—	
QRTEB	197,783	—	—	16.71	03/31/2022	—	—	—	—	
QRTEB	1,283,187	—	—	14.27	03/29/2023	—	—	—	—	
QRTEB	270,434	—	—	13.56	05/11/2024	—	—	—	—	
QRTEB	308,183	—	—	15.78	03/05/2025	—	—	—	—	
QRTEB	46,671	—	—	10.25	03/06/2026	—	—	—	—	
<i>RSU Awards</i>										
QRTEA	—	—	—	—	—	—	—	584,359 ⁽³⁾⁽⁴⁾	6,410,418	
QRTEP	—	—	—	—	—	—	—	17,530 ⁽³⁾⁽⁴⁾⁽⁵⁾	1,735,470	
Michael A. George										
<i>Option Awards</i>										
QRTEA	2,955,853	—	—	14.77	12/31/2022	—	—	—	—	
QRTEA	1,014,430	—	—	12.60	08/15/2025	—	—	—	—	
<i>RSU Awards</i>										
QRTEA	—	—	—	—	—	—	—	724,956 ⁽³⁾⁽⁴⁾	7,952,767	
QRTEP	—	—	—	—	—	—	—	21,748 ⁽³⁾⁽⁴⁾⁽⁵⁾	2,153,052	
Brian J. Wendling										
<i>Option Awards</i>										
QRTEA	77,547	—	—	15.71	05/12/2022	—	—	—	—	
QRTEA	188,180	—	—	15.71	05/12/2023	—	—	—	—	
QRTEA	—	66,242 ⁽⁶⁾	—	10.34	12/10/2027	—	—	—	—	
<i>RSU Awards</i>										
QRTEA	—	—	—	—	—	—	—	16,731 ⁽³⁾⁽⁴⁾	183,539	
QRTEP	—	—	—	—	—	—	—	501 ⁽³⁾⁽⁴⁾⁽⁵⁾	49,599	
Albert E. Rosenthaler										
<i>Option Awards</i>										
QRTEA	198,314	—	—	16.82	03/04/2022	—	—	—	—	
QRTEA	448,369	—	—	16.82	03/04/2023	—	—	—	—	
QRTEA	10,508	—	—	14.62	12/26/2024	—	—	—	—	
QRTEA	—	119,663 ⁽⁶⁾	—	10.34	12/10/2027	—	—	—	—	
<i>RSU Awards</i>										
QRTEA	—	—	—	—	—	—	—	34,446 ⁽³⁾⁽⁴⁾	377,873	
QRTEP	—	—	—	—	—	—	—	1,033 ⁽³⁾⁽⁴⁾⁽⁵⁾	102,267	
Renee L. Wilm										
<i>Option Awards</i>										
QRTEA	—	540,873 ⁽⁷⁾	—	5.83	11/13/2026	—	—	—	—	
QRTEA	—	32,223 ⁽⁶⁾	—	10.34	12/10/2027	—	—	—	—	
<i>RSU Awards</i>										
QRTEA	—	—	—	—	—	—	—	27,680 ⁽³⁾⁽⁴⁾	303,650	
QRTEP	—	—	—	—	—	—	—	830 ⁽³⁾⁽⁴⁾⁽⁵⁾	82,170	

(1) Vests on December 31, 2023.

(2) Vests on December 31, 2024.

- (3) Represents the target number of the 2020 Maffei RSUs that Mr. Maffei could earn and the maximum number of 2020 Chief RSUs that each of Messrs. Wendling and Rosenthaler and Ms. Wilm could earn based on our performance in 2020, as well as the target number of 2020 George RSUs that Mr. George could earn based on QVC's performance during 2020.
- (4) The table below represents the cash dividend equivalent rights and the special cash dividend equivalent rights outstanding on QRTEA RSUs, and the quarterly cash dividend equivalent rights on outstanding QRTEP RSUs, all of which are subject to the same terms and conditions (including vesting) as the corresponding original RSU.

Name	Amounts (\$)		
	Cash Dividend Equivalent Rights	Special Cash Dividend Equivalent Rights	Quarterly Cash Dividend Equivalent Rights
Gregory B. Maffei	876,538	876,538	35,348
Michael A. George	1,087,434	1,087,434	43,853
Brian J. Wendling	25,096	25,096	1,010
Albert E. Rosenthaler	51,669	51,669	2,082
Renee L. Wilm	41,520	41,520	1,673

- (5) Represents the preferred stock RSUs issued as part of the Dividend in September 2020 on the 2020 Maffei RSUs, the 2020 George RSUs and the 2020 Chief RSUs. Vests subject to the same terms and conditions as the corresponding RSUs.
- (6) Vests 50% on December 10, 2022 and 50% on December 10, 2023.
- (7) Vests 50% on September 23, 2022 and 50% on September 23, 2023.

OPTION EXERCISES AND STOCK VESTED

The following table sets forth information concerning the vesting of RSUs held by our named executive officers during the year ended December 31, 2020. None of our named executive officers exercised any options during the year ended December 31, 2020.

Name	Option Awards		Stock Awards	
	Number of shares acquired on exercise (#)	Value realized on exercise (\$)	Number of shares acquired on vesting (#) ⁽¹⁾	Value realized on vesting (\$)
Gregory B. Maffei				
QRTEA	—	—	37,792 ⁽²⁾	382,077
QRTEB	—	—	124,827	530,515
QRTEP	—	—	1,133	112,224
Michael A. George				
QRTEA	—	—	187,152	1,769,488
QRTEB	—	—	—	—
QRTEP	—	—	4,584	450,378
Brian J. Wendling				
QRTEA	—	—	7,498	42,338
QRTEB	—	—	—	—
QRTEP	—	—	46	4,556
Albert E Rosenthaler				
QRTEA	—	—	13,592	61,028
QRTEB	—	—	—	—
QRTEP	—	—	—	—
Renee L. Wilm				
QRTEA	—	—	6,563	29,468
QRTEB	—	—	—	—
QRTEP	—	—	—	—

(1) Includes shares withheld in payment of withholding taxes at election of holder.

(2) Includes the 2020 Maffei Restructuring RSUs.

NONQUALIFIED DEFERRED COMPENSATION PLANS

The following table sets forth certain information regarding the Pension Restoration Plan in which Mr. George participated during the year ended December 31, 2020. During 2020, no other named executive officers participated in the Pension Restoration Plan.

Name	Executive contributions in 2020 (\$)	Registrant contributions in 2020 (\$)	Aggregate earnings in 2020 (\$)	Aggregate withdrawals/distributions (\$)	Aggregate balance at 12/31/20 (\$)
Michael A. George	—	—	1,107	—	18,775

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following table sets forth the potential payments to our named executive officers if their employment had terminated or a change in control had occurred, in each case, as of December 31, 2020, which was the last business day of our last completed fiscal year. For purposes of the following table, we have assumed that Mr. Maffei's employment had terminated at each of Qurate Retail, Liberty Media and the other Service Companies. In the event of such a termination or change in control, the actual amounts may be different due to various factors. In addition, we may enter into new arrangements or modify these arrangements from time to time.

The amounts provided in the table are based on the closing market prices on December 31, 2020 for our QRTEA common stock, QRTEB common stock and QRTEP preferred stock, which were \$10.97, \$10.86 and \$99.00, respectively. Any option awards held by the named executive officers that had an exercise price that was more than the closing market price of our QRTEA common stock and QRTEB common stock on December 31, 2020 have been excluded from the table below. For all other option awards, the value of the options shown in the table is based on the spread between the exercise price of the award and the applicable closing market price. The value of the RSUs shown in the table is based on the applicable closing market price and the number of unvested RSUs.

Each of our named executive officers has received awards and payments under the existing incentive plans. Additionally, each of Messrs. Maffei and George is entitled to certain payments and acceleration rights upon termination under his respective employment agreement. See “—Executive Compensation Arrangements” above and “—Termination Without Cause or for Good Reason” below.

The circumstances giving rise to these potential payments and a brief summary of the provisions governing their payout are described below and in the footnotes to the table (other than those described under “—Executive Compensation Arrangements,” which are incorporated by reference herein):

Voluntary Termination

Each of the named executive officers holds equity awards that were issued under our existing incentive plans. Under these plans and the related award agreements, in the event of a voluntary termination of his or her employment with our company for any reason, each named executive officer would typically only have a right to the equity grants that vested prior to his or her termination date. However, if Mr. Maffei had voluntarily terminated his employment at December 31, 2020, (i) his 2020 Maffei RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and a prorated amount of RSUs (based on the number of days elapsed during the performance period) would have vested to the extent determined by the compensation committee and (ii) his 2019 Maffei Term Options and 2020 Maffei Term Options would have been subject to pro rata vesting (based on the number of days elapsed during the four-year vesting period). Mr. George would have forfeited all rights to his unvested 2020 George RSUs upon a voluntary termination without good reason as of December 31, 2020. Each of Messrs. Maffei and George would have been entitled to certain other benefits upon a voluntary termination of his employment with our company as of December 31, 2020. The type and amount of severance pay and benefits Mr. Maffei would receive would depend on whether he remained employed by Liberty Media at or following the date of termination of his services to our company or whether his employment with Liberty Media was also voluntarily terminated. These additional severance payments and benefits and Mr. George's benefits are described above in “—Executive Compensation Arrangements—Gregory B. Maffei,” and “—Executive Compensation Arrangements—Michael A. George.” Messrs. Wendling and Rosenthaler and Ms. Wilm are not entitled to any severance payments or other benefits upon a voluntary termination of his or her employment. The foregoing discussion assumes that the named executive officers voluntarily terminated his or her respective employment without good reason. See “—Termination Without Cause or for Good Reason” below for a discussion of potential payments and benefits upon a named executive officer's voluntary termination of his employment for good reason.

Termination for Cause

All outstanding equity grants constituting options, whether unvested or vested but not yet exercised, and all equity grants constituting unvested RSUs under the existing incentive plans would be forfeited by any named executive officer (other than Mr. Maffei and Mr. George in the case of equity grants constituting vested options or similar rights) who is terminated for “cause.” However, if Mr. Maffei's employment had been terminated for cause as of December 31, 2020, his 2020 Maffei RSUs and the corresponding preferred stock RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee. Unless there is a different definition in the applicable award agreement, each of the 2010 Incentive Plan, 2016 Incentive Plan and 2020 Incentive Plan, define “cause” as

insubordination, dishonesty, incompetence, moral turpitude, other misconduct of any kind and the refusal to perform duties and responsibilities for any reason other than illness or incapacity; provided that, if such termination is within 12 months after a change in control (as described below), “cause” means a felony conviction for fraud, misappropriation or embezzlement. With respect to Mr. Maffei’s equity grants, “cause,” as defined in the applicable award agreement or his employment agreement, means (i) Mr. Maffei’s willful failure to follow the lawful instructions of the board of directors of our company; (ii) the commission by Mr. Maffei of any fraud, misappropriation or misconduct that causes demonstrable material injury to our company or its subsidiaries; (iii) Mr. Maffei’s conviction of, or plea of guilty or nolo contendere to, a felony; or (iv) Mr. Maffei’s failure to comply in any material respect with any written agreement between him and our company or any of our subsidiaries if such failure causes demonstrable material injury to our company or any of our subsidiaries, except that Mr. Maffei is entitled to certain procedural and cure rights relating to a termination for cause, except in the case of a termination for cause based on a felony conviction. Each of Mr. Maffei and Mr. George has certain rights to exercise vested options or similar rights following a termination for cause under his equity award agreements, as cause is defined in such employment agreement, which are described above in “—Executive Compensation Arrangements—Gregory B. Maffei,” and “—Executive Compensation Arrangements—Michael A. George.”

Termination Without Cause or for Good Reason

As of December 31, 2020, Mr. Maffei’s unvested equity awards consisted of the 2019 Maffei Term Options, the 2020 Maffei Term Options and the 2020 Maffei RSUs along with the corresponding preferred stock RSUs. The 2019 Maffei Term Options, the 2020 Maffei Term Options and the 2020 Maffei RSUs along with the corresponding preferred stock RSUs would have vested in full upon a termination of his employment by our company without cause (as defined in the 2019 Maffei Employment Agreement) or by him for good reason (as defined in the 2019 Maffei Employment Agreement) as of December 31, 2020. Mr. Maffei would also be entitled to severance pay and benefits from our company upon a termination without cause or by him for good reason. The type and amount of severance pay and benefits Mr. Maffei would receive would depend on whether he remained employed by Liberty Media at or following the date of termination of his services to our company or whether his employment with Liberty Media was also terminated without cause or for good reason. These additional severance payments and benefits are described above in “—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement—Termination Payments and Benefits.”

As of December 31, 2020, Mr. George’s unvested equity awards consisted of his 2020 George RSUs. If Mr. George had been terminated without cause or for good reason as of December 31, 2020, his 2020 George RSUs would have stayed outstanding until the date the compensation committee acted to determine the extent to which the performance criteria were met and the number of 2020 George RSUs that would have been earned and vested had he remained employed through December 31, 2020. A pro rata portion of such number of 2020 George RSUs (based on the number of days Mr. George was employed during calendar year 2020) would then have vested on the date action was taken by the compensation committee. See “—Executive Compensation Arrangements—Michael A. George” above including for a description of the conditions to his receipt of such benefits.

Mr. George is also entitled under certain circumstances to severance payments and other benefits upon a termination of his employment without cause or for good reason. See “—Executive Compensation Arrangements—Michael A. George” above including for a description of the conditions to Mr. George’s receipt of such payments and other benefits.

As of December 31, 2020, Messrs. Wendling’s and Rosenthaler’s only unvested equity awards were the 2020 Chief RSUs and 2020 NEO Multiyear Options. Ms. Wilm’s only unvested equity awards as of December 31, 2020 were her 2019 multi-year stock option award, her 2020 Chief RSUs and her 2020 NEO Multiyear Options. The 2020 NEO Multiyear Options and the option award granted to Ms. Wilm in November 2019 provide for vesting upon a termination of employment without cause of a pro rata portion of each vesting tranche of the applicable award (based on the number of days that have elapsed from the grant date through the termination date, plus an additional 365 days, over the applicable tranche’s vesting period). The 2020 Chief RSUs held by these officers would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee if these officers had been terminated without cause as of December 31, 2020. None of these officers is entitled to any severance pay or other benefits upon a termination without cause.

Death

In the event of death of any of the named executive officers as of December 31, 2020, the existing incentive plans and applicable award agreements would have provided for vesting in full of any outstanding options and the lapse of

restrictions on any RSU awards. Each of Mr. Maffei and Mr. George is also entitled to certain payments and other benefits if he dies while employed by our company, as described above in “—Executive Compensation Arrangements—Gregory B. Maffei,” and “—Executive Compensation Arrangements—Michael A. George.”

No amounts are shown for payments pursuant to life insurance policies, which Liberty Media makes available to all of its employees, including Messrs. Maffei, Wendling, Rosenthaler and Ms. Wilm in their capacity as named executive officers of Qurate Retail, and which Qurate Retail makes available to Mr. George.

Disability

If the employment of any of the named executive officers had been terminated due to disability as of December 31, 2020, which is defined in the existing incentive plans or applicable award agreements, such plans or agreements would have provided for vesting in full of any outstanding options and the lapse of restrictions on any RSU awards. Each of Mr. Maffei and Mr. George is also entitled to certain payments and other benefits if he dies while employed by our company, as described above in “—Executive Compensation Arrangements—Gregory B. Maffei,” and “—Executive Compensation Arrangements—Michael A. George.”

No amounts are shown for payments pursuant to short-term and long-term disability policies, which Liberty Media makes available to all of its employees, including Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm in their capacity as named executive officers of Qurate Retail, and which Qurate Retail makes available to Mr. George.

Change in Control

In case of a change in control, the incentive plans provide for vesting in full of any outstanding options (other than the 2019 Maffei Term Options and the 2020 Maffei Term Options) and the lapse of restrictions on any RSU awards held by the named executive officers. A change in control is generally defined as:

- The acquisition by a non-exempt person (as defined in the incentive plans) of beneficial ownership of at least 20% of the combined voting power of the then outstanding shares of our company ordinarily having the right to vote in the election of directors, other than pursuant to a transaction approved by our board of directors.
- The individuals constituting our board of directors over any two consecutive years cease to constitute at least a majority of the board, subject to certain exceptions that permit the board to approve new members by approval of at least two-thirds of the remaining directors.
- Any merger, consolidation or binding share exchange that causes the persons who were common stockholders of our company immediately prior thereto to lose their proportionate interest in the common stock or voting power of the successor or to have less than a majority of the combined voting power of the then outstanding shares ordinarily having the right to vote in the election of directors, the sale of substantially all of the assets of the company or the dissolution of the company.

In the case of a change in control described in the last bullet point, our compensation committee may determine not to accelerate the existing equity awards of the named executive officers if equivalent awards will be substituted for the existing awards. For purposes of the tabular presentation below, we have assumed that our named executive officers' existing unvested equity awards (other than the 2019 Maffei Term Options and the 2020 Maffei Term Options) would vest in full in the case of a change in control described in the last bullet. A change in control (as defined in the 2019 Maffei Employment Agreement) of Liberty Media would provide Mr. Maffei with a short time period during which to exercise his right to terminate his employment for good reason, which would result in vesting of his 2019 Maffei Term Options and his 2020 Maffei Term Options. For purposes of the tabular presentation below, we have assumed that Mr. Maffei does not exercise his right to terminate his employment for good reason in connection with a change in control.

Benefits Payable Upon Termination or Change in Control

Name	Voluntary Termination Without Good Reason (\$)	Termination for Cause (\$)	Termination Without Cause or for Good Reason (\$)	Death (\$)	Disability (\$)	After a Change in Control (\$)
Gregory B. Maffei						
Severance	2,890,000 ⁽¹⁾	—	12,750,000 ⁽²⁾	12,750,000 ⁽²⁾	12,750,000 ⁽²⁾	—
Options	5,989,601 ⁽³⁾	28,469 ⁽⁴⁾	24,623,047 ⁽⁵⁾	24,623,047 ⁽⁵⁾	24,623,047 ⁽⁵⁾	28,469 ⁽⁶⁾
RSUs	8,145,888 ⁽³⁾	8,145,888 ⁽⁴⁾	8,145,888 ⁽⁵⁾	8,145,888 ⁽⁵⁾	8,145,888 ⁽⁵⁾	8,145,888 ⁽⁶⁾
Perquisites ⁽⁷⁾	—	—	101,157	—	101,157	—
Total	<u>17,025,489</u>	<u>8,174,358</u>	<u>45,620,093</u>	<u>45,518,936</u>	<u>45,620,093</u>	<u>8,174,358</u>
Michael A. George						
Severance ⁽⁸⁾	—	—	1,500,000	—	—	1,500,000
Base Compensation Continuing Payment ⁽⁹⁾	—	—	1,250,000	1,250,000	1,250,000	1,250,000
Pension Restoration Plan Payout ⁽¹⁰⁾	18,775	18,775	18,775	18,775	18,775	18,775
Options	— ⁽¹¹⁾	— ⁽¹¹⁾	— ⁽¹²⁾	— ⁽¹³⁾	— ⁽¹³⁾	— ⁽¹⁴⁾
RSUs	— ⁽¹¹⁾	— ⁽¹¹⁾	13,743,885 ⁽¹²⁾	10,105,819 ⁽¹³⁾	10,105,819 ⁽¹³⁾	10,105,819 ⁽¹⁴⁾
Total	<u>18,775</u>	<u>18,775</u>	<u>16,512,660</u>	<u>11,374,594</u>	<u>11,374,594</u>	<u>12,874,594</u>
Brian J. Wendling						
Options	— ⁽¹¹⁾	— ⁽¹¹⁾	18,388 ⁽¹²⁾	41,732 ⁽¹³⁾	41,732 ⁽¹³⁾	41,732 ⁽¹⁴⁾
RSUs	— ⁽¹¹⁾	— ⁽¹¹⁾	233,138 ⁽¹²⁾	233,138 ⁽¹³⁾	233,138 ⁽¹³⁾	233,138 ⁽¹⁴⁾
Total	<u>—</u>	<u>—</u>	<u>251,527</u>	<u>274,871</u>	<u>274,871</u>	<u>274,871</u>
Albert E. Rosenthaler						
Options	— ⁽¹¹⁾	— ⁽¹¹⁾	33,219 ⁽¹²⁾	75,388 ⁽¹³⁾	75,388 ⁽¹³⁾	75,388 ⁽¹⁴⁾
RSUs	— ⁽¹¹⁾	— ⁽¹¹⁾	480,140 ⁽¹²⁾	480,140 ⁽¹³⁾	480,140 ⁽¹³⁾	480,140 ⁽¹⁴⁾
Total	<u>—</u>	<u>—</u>	<u>513,358</u>	<u>555,527</u>	<u>555,527</u>	<u>555,527</u>
Renee L. Wilm						
Options	— ⁽¹¹⁾	— ⁽¹¹⁾	1,813,131 ⁽¹²⁾	2,800,388 ⁽¹³⁾	2,800,388 ⁽¹³⁾	2,800,388 ⁽¹⁴⁾
RSUs	— ⁽¹¹⁾	— ⁽¹¹⁾	385,820 ⁽¹²⁾	385,820 ⁽¹³⁾	385,820 ⁽¹³⁾	385,820 ⁽¹⁴⁾
Total	<u>—</u>	<u>—</u>	<u>2,198,951</u>	<u>3,186,207</u>	<u>3,186,207</u>	<u>3,186,207</u>

- (1) If Mr. Maffei had voluntarily terminated his employment without good reason at Qurate Retail, Liberty Media and each of the other Service Companies (as defined in the 2019 Maffei Employment Agreement) as of December 31, 2020, he would have been entitled to receive \$17 million in a lump sum, prorated based on the number of days that have elapsed within the year of termination, with up to 25% of such amount payable in shares of common stock of Liberty Media or the applicable Service Company. See “—Executive Compensation Arrangements—Gregory B. Maffei” above. The amount in the table includes our allocable portion of this payment (17%) for which we would reimburse Liberty Media.
- (2) If Mr. Maffei’s employment at Qurate Retail, Liberty Media and each of the other Service Companies had been terminated by Qurate Retail, Liberty Media and each of the other Service Companies without cause (as defined in the 2019 Maffei Employment Agreement), by him for good reason (as defined in the 2019 Maffei Employment Agreement) (whether before or within a specified period following a change in control), in each case, subject to execution of a mutual release, or due to Mr. Maffei’s death or disability, in each case, as of December 31, 2020, he would have been entitled to receive (i) a payment of two times his 2020 base salary payable in 24 equal monthly installments, (ii) fully vested shares of common stock with an aggregate grant date fair value of \$35 million, (iii) a lump sum payment of an amount equal to two times his average annual bonus paid for the two calendar years prior to separation, but in no event an amount that is less than two times his aggregate target bonus of \$17 million and (iv) a lump sum cash payment equal to the greater of \$17 million or the annual cash performance bonus otherwise payable for the year of termination, in each case, prorated based on the number of days that have elapsed within the year of termination, with up to 25% of such amount payable in shares of common stock of Liberty Media or the applicable Service Company. See “—Executive Compensation Arrangements—Gregory B. Maffei” above. The amount in the table includes our allocable portion of this payment (17%) for which we would reimburse Liberty Media. The amount in the table does not include the lump sum cash payment described in (iv) because Mr. Maffei had already been paid his 2020 cash bonus prior to December 31, 2020.
- (3) Based on (i) the number of vested options held by Mr. Maffei at December 31, 2020 and (ii) the number of unvested options and RSUs that would vest pursuant to the following: If Mr. Maffei’s employment had been terminated without good reason as of December 31, 2020, he would have been entitled to pro rata vesting of the 2019 Maffei Term Options and 2020 Maffei Term Options, (based on the number of days that had elapsed from the date of grant over the four-year vesting period), and the 2020 Maffei RSUs and any corresponding preferred stock RSUs, would have remained outstanding until any performance criteria had been

determined to have been met or not and would have vested on a pro rata basis (based on the elapsed number of days in the calendar year of termination) to the extent determined by the compensation committee. As described above in “—Compensation Discussion and Analysis—Equity Incentive Compensation,” our compensation committee vested all of the 2020 Maffei RSUs, and therefore all of the corresponding preferred stock RSUs which is reflected in the table above.

- (4) Based on (i) the number of vested options held by Mr. Maffei at December 31, 2020 and (ii) the number of unvested options and RSUs that would vest pursuant to the following: If Mr. Maffei’s employment had been terminated for cause as of December 31, 2020, he would have forfeited his 2019 Maffei Term Options and 2020 Maffei Term Options. His 2020 Maffei RSUs, and any corresponding preferred stock RSUs, would remain outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee. As described above in “—Compensation Discussion and Analysis—Equity Incentive Compensation,” our compensation committee vested all of the 2020 Maffei RSUs, and therefore all of the corresponding preferred stock RSUs, which is reflected in the table above.
- (5) Based on (i) the number of vested options held by Mr. Maffei at December 31, 2020 and (ii) the number of unvested options and RSUs that would vest pursuant to the following: If Mr. Maffei’s employment had been terminated without cause (as defined in the 2019 Maffei Employment Agreement), for good reason (as defined in the 2019 Maffei Employment Agreement) (whether before or within a specific period following a change in control) or due to Mr. Maffei’s death or disability as of December 31, 2020, his 2019 Maffei Term Options, 2020 Maffei Term Options and 2020 Maffei RSUs, and any corresponding preferred stock RSUs, would have vested in full.
- (6) Based on (i) the number of vested options held by Mr. Maffei at December 31, 2020 and (ii) the number of unvested RSUs that would vest pursuant to the following: Upon a change in control, we have assumed that for purposes of the tabular presentation above that Mr. Maffei’s 2020 Maffei RSUs, and any corresponding preferred stock RSUs, would have vested in full. See the “Outstanding Equity Awards at Fiscal Year-End” table above.
- (7) If Mr. Maffei’s employment had been terminated at our company’s election for any reason (other than cause) or by Mr. Maffei for good reason (as defined in his employment agreement) or by reason of disability, as of December 31, 2020, he would have been entitled to receive personal use of the corporate aircraft for 120 hours per year over a 12-month period. Perquisite amount of \$595,044 represents the maximum potential cost of using the corporate aircraft for 120 hours based on an hourly average of the incremental cost of use of the corporate aircraft. The amount in the table includes our allocable portion of this payment (17%) for which we would reimburse Liberty Media.
- (8) If Mr. George’s employment had been terminated at QVC’s election without cause or by Mr. George for good reason (as defined in the George Employment Agreement) (whether before or within a specified period following a change in control), as of December 31, 2020, he would have been entitled to receive a lump sum payment of \$1,500,000. See “—Executive Compensation Arrangements—Michael A. George” above.
- (9) If Mr. George’s employment had been terminated at QVC’s election without cause or by Mr. George for good reason (whether before or within a specified period following a change in control) or in the event of his death or disability, he would have been entitled to receive a base compensation continuing payment for one year equal to his base salary upon termination.
- (10) Under the Pension Restoration Plan, upon separation from service, a participant would have received a lump sum payment of the vested percentage of such participant’s account on the first day of the month following such separation, in this case, January 1, 2021.
- (11) If Mr. George’s employment with QVC had been terminated for cause or by Mr. George without good reason as of December 31, 2020, he would have forfeited his 2020 George RSUs, and any corresponding preferred stock RSUs. Each of Messrs. Wendling and Rosenthaler and Ms. Wilm would have forfeited his or her 2020 NEO Multiyear Options and 2020 Chief RSUs, and any corresponding preferred stock RSUs, if his or her employment had been terminated without good reason or for cause as of December 31, 2020. Ms. Wilm would have forfeited the stock options awarded to her in 2019 if her employment had been terminated by her without good reason or by the company for cause as of December 31, 2020.
- (12) Based on the number of unvested options and unvested RSUs held by the named executive officer as of December 31, 2020 that would vest pursuant to the following: If Messrs. George’s, Wendling’s or Rosenthaler’s or Ms. Wilm’s employment had been terminated without cause or for good reason as of December 31, 2020, the 2020 Chief RSUs, and any corresponding preferred stock RSUs, the 2020 George RSUs, and any corresponding preferred stock RSUs, would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee. As described above in “—Compensation Discussion and Analysis—Equity Incentive Compensation,” our compensation committee vested all of the 2020 Chief RSUs, and therefore all of the corresponding preferred stock RSUs, and 136% of the 2020 George RSUs, and therefore 136% of the corresponding preferred stock RSUs, which is reflected in the table above. Additionally, the portion of Messrs. Wendling’s and Rosenthaler’s and Ms. Wilm’s 2020 NEO Multiyear Options and Ms. Wilm’s stock options granted in 2019 that would have vested pursuant to the forward-vesting provisions in such named executive officer’s award agreements.
- (13) Based on the number of unvested options and unvested RSUs held by the named executive officer as of December 31, 2020 that would vest pursuant to the following: If Messrs. George’s, Wendling’s or Rosenthaler’s or Ms. Wilm’s employment had been terminated due to death or disability as of December 31, 2020 all of the 2020 George RSUs, and any corresponding preferred stock RSUs, 2020 NEO Multiyear Options, 2020 Chief RSUs, and any corresponding preferred stock RSUs, and Ms. Wilm’s stock options granted in 2019 would have vested in full.
- (14) Based on the number of unvested options and unvested RSUs held by the named executive officer as of December 31, 2020 that would vest pursuant to the following: Upon a change of control, we have assumed for purposes of the tabular presentation above that the 2020 George RSUs, and any corresponding preferred stock RSUs, 2020 NEO Multiyear Options, 2020 Chief RSUs, and any corresponding preferred stock RSUs and Ms. Wilm’s stock options granted in 2019 would have vested in full. See the “Outstanding Equity Awards at Fiscal Year-End” table above.

DIRECTOR COMPENSATION

NONEMPLOYEE DIRECTORS

Director Fees

Each of our directors who is not an employee of our company is paid an annual fee for 2021 of \$232,000 (which, in 2020, was \$227,000) (which we refer to as the **director fee**), of which \$110,500 (\$108,000 in 2020) is payable in cash and the balance is payable in RSUs or options to purchase shares of QRTEA. For service on our board in 2021 and 2020, each director was permitted to elect to receive \$121,500 and \$119,000, respectively, of his or her director fee in RSUs or options to purchase QRTEA shares. The awards issued to our directors with respect to their service on our board in 2021 were issued in December 2020. See “—Director RSU Grants” and “—Director Option Grants” below for information on the incentive awards granted in 2020 to the nonemployee directors.

Fees for service on our audit committee, compensation committee and nominating and corporate governance committee are the same for 2021 and 2020, with each member thereof receiving an additional annual fee of \$30,000, \$10,000 and \$10,000, respectively, for his or her participation on each such committee, except that the chairman of each such committee instead receives an additional annual fee of \$40,000, \$20,000 and \$20,000, respectively, for his participation on that committee. The cash portion of the director fees and the fees for participation on committees are payable quarterly in arrears.

Charitable Contributions

If a director makes a donation to our political action committee, we will make a matching donation to a charity of his or her choice in an amount not to exceed \$10,000.

Equity Incentive Plans

Awards granted to our nonemployee directors under the 2020 incentive plan are administered by our board of directors or our compensation committee. Our board of directors has full power and authority to grant nonemployee directors the awards described below and to determine the terms and conditions under which any awards are made. The 2020 incentive plan is designed to provide our nonemployee directors with additional remuneration for services rendered, to encourage their investment in our common stock and to aid in attracting persons of exceptional ability to become nonemployee directors of our company. Our board of directors may grant non-qualified stock options, SARs, restricted shares, restricted stock units and cash awards or any combination of the foregoing under the 2020 incentive plan.

The maximum number of shares of our common stock with respect to which awards may be issued under the 2020 incentive plan is 37,979,084, subject to anti-dilution and other adjustment provisions of the respective plans. Under the 2020 incentive plan, no nonemployee director may be granted during any calendar year awards having a value determined on the date of grant in excess of \$1 million. Shares of our common stock issuable pursuant to awards made under the 2020 incentive plan are made available from either authorized but unissued shares or shares that have been issued but reacquired by our company.

Director RSU Grants

Pursuant to our director compensation policy described above and the 2020 incentive plan, we granted the following RSU awards in December 2020:

Name	# of QRTEA RSUs
Fiona P. Dias	11,683
M. Ian G. Gilchrist	11,683
Evan D. Malone	11,683
David E. Rapley	5,841
Andrea L. Wong	5,841

The RSUs granted in December 2020 will vest on the first anniversary of the grant date, or on such earlier date that the grantee ceases to be a director because of death or disability and, unless our board of directors determines otherwise, will be forfeited if the grantee resigns or is removed from the board before the vesting date.

Director Option Grants

Pursuant to our director compensation policy described above and the 2020 incentive plan, we granted the following stock option awards in December 2020 with respect to service on our board in 2020:

Name	# of QRTEA Options	Exercise Price (\$)
Richard N. Barton	24,726	10.34
David E. Rapley	12,363	10.34
Larry E. Romrell	24,726	10.34
Mark C. Vadon	24,726	10.34
Andrea L. Wong	12,363	10.34

The options granted in December 2020 will become exercisable on the first anniversary of the grant date, or on such earlier date that the grantee ceases to be a director because of death or disability, and, unless our board of directors determines otherwise, will be terminated without becoming exercisable if the grantee resigns or is removed from the board before the vesting date. Once vested, the options will remain exercisable until the seventh anniversary of the grant date or, if earlier, until the first business day following the first anniversary of the date the grantee ceases to be a director.

Preferred Stock Dividend and Cash Dividend Adjustment

Our nonemployee directors' outstanding restricted stock unit awards (and in Ms. Dias' case, her outstanding deferred stock unit awards (**DSUs**)) participated in the Dividend in September 2020, became eligible to receive cash dividend equivalent rights (and in Ms. Dias' case, dividend equivalent stock unit rights), subject to the same terms and conditions as the corresponding original RSU and DSU. Such RSUs and DSUs also received corresponding preferred stock RSUs and preferred stock DSUs, respectively, in connection with the preferred stock dividend, which preferred stock RSUs and preferred stock DSUs are subject to the same terms and conditions as the corresponding original RSUs and DSUs, as applicable. As a result, in September 2020, the preferred stock dividend resulted in the issuance of the following RSUs and DSUs with respect to QRTEP shares:

Name	# of QRTEP RSUs & DSUs
Fiona P. Dias	642
Evan D. Malone	373
David E. Rapley	186
Andrea L. Wong	373

In addition, since options did not participate in the Dividend, the number of shares of our common stock subject to, and the exercise price of, their outstanding options were adjusted to preserve each option's intrinsic value and the ratio of the exercise price to the market price. In December 2020, since stock options did not participate in the special cash dividend, the number of shares of our common stock subject to, and the exercise price of, their outstanding options were adjusted to preserve each option's intrinsic value and the ratio of the exercise price to market price. Outstanding RSUs (and in Ms. Dias' case, her outstanding DSUs) received the special cash dividend equivalent rights (and in Ms. Dias' case, dividend equivalent stock unit rights) and outstanding preferred stock RSUs received the preferred stock quarterly cash dividend equivalent rights. For more information regarding the equity awards, see the "Director Compensation Table" below.

Aircraft Usage

Liberty Media has a fractional ownership contract with NetJets, Inc. for business travel purposes. Given the coronavirus pandemic and the significant reduction in business travel, the minimum use of the NetJets contract would not be met and, therefore, the company's named executive officers and directors were afforded the opportunity to use a portion of the NetJets contract for personal use, provided that each such named executive officer or director was responsible for reimbursing Liberty Media for costs associated therewith. Such use resulted in no incremental cost to the company and the executives did not incur any taxable income in connection therewith.

Stock Ownership Guidelines

In March 2016, our board of directors adopted stock ownership guidelines that require each nonemployee director to own shares of our company's stock equal to at least three times the value of their annual cash retainer fees.

Nonemployee directors will have five years from the later of (i) the effective date of the guidelines and (ii) the director's initial appointment to our board to comply with these guidelines.

Director Deferred Compensation Plan

Effective beginning in the fourth quarter of 2013, directors of our company are eligible to participate in the Qurate Retail, Inc. Nonemployee Director Deferred Compensation Plan (the **director deferred compensation plan**), pursuant to which eligible directors of our company can elect to defer all or any portion of their annual cash fees that they would otherwise be entitled to receive. The deferral of such annual cash fees shall be effected by a reduction in the quarterly payment of such annual cash fees by the percentage specified in the director's election. Elections are required to be made in advance of certain deadlines, which generally must be on or before the close of business on December 31 of the year prior to the year to which the director's election will apply, and elections must include the form of distribution, such as a lump-sum payment or substantially equal installments over a period not to exceed ten years. Compensation deferred under the director deferred compensation plan that otherwise would have been received prior to 2015 would earn interest income at the rate of 9% per annum, compounded quarterly, for the period of the deferral. Compensation deferred under the director deferred compensation plan that otherwise would have been received on or after January 1, 2015 will earn interest income at a rate that is intended to approximate our company's general cost of 10-year debt. For 2018, 2019 and 2020, the rate was 6.25%, 7.0% and 6.75%, respectively.

JOHN C. MALONE

Mr. Malone's employment agreement (as amended) and his deferred compensation arrangements with us, as described below, were assumed by Liberty Media's predecessor and later Liberty Media. The term of Mr. Malone's employment agreement is extended daily so that the remainder of the employment term is five years. The employment agreement was amended in June 1999 to provide for, among other things, an annual salary of \$2,600 (which was increased to \$3,900 in 2014), subject to increase with board approval. The employment agreement was amended in 2003 to provide for payment or reimbursement of personal expenses, including professional fees and other expenses incurred by Mr. Malone for estate, tax planning and other services, and for personal use of corporate aircraft and flight crew. The aggregate amount of such payments or reimbursements and the value of his personal use of corporate aircraft was originally limited to \$500,000 per year but increased to \$1 million effective January 1, 2007 by our compensation committee. Although the "Director Compensation Table" below reflects the portion of the aggregate incremental cost of Mr. Malone's personal use of our corporate aircraft attributable to our company, the value of his aircraft use for purposes of his employment agreement is determined in accordance with SIFL, which aggregated \$36,106 for use of the aircraft by our company and Liberty Media during the year ended December 31, 2020. A portion of the costs, calculated in accordance with Part 91 of the Federal Aviation Regulations, incurred with respect to Mr. Malone were allocated to our company and reimbursed to Liberty Media under the services agreement.

In December 2008, the compensation committee determined to modify Mr. Malone's employment arrangements to permit Mr. Malone to begin receiving fixed monthly payments in 2009, while he remains employed by our company, in satisfaction of our obligations to him under a 1993 deferred compensation arrangement, a 1982 deferred compensation arrangement and an installment severance plan, in each case, entered into with him by our predecessors (and which had been assumed by our company). At the time of the amendment, the amounts owed to Mr. Malone under these arrangements aggregated approximately \$2.4 million, \$20 million and \$39 million, respectively. As a result of these modifications, Mr. Malone receives 240 equal monthly installments, which commenced February 2009, of: (1) approximately \$20,000 under the 1993 deferred compensation arrangement, (2) approximately \$237,000 under the 1982 deferred compensation arrangement and (3) approximately \$164,000 under the installment severance plan. Interest ceased to accrue under the installment severance plan once these payments began; however, interest continues to accrue on the 1993 deferred compensation arrangement at a rate of 8% per annum and on the 1982 deferred compensation arrangement at a rate of 13% per annum. Following certain termination events, Mr. Malone (or, in the event of Mr. Malone's death, his beneficiaries) would be entitled to receive the remaining payments under these arrangements, subject to certain conditions. In 2011 and 2013, Liberty Media's predecessor and Liberty Media, respectively, assumed all outstanding obligations under these deferred compensation arrangements and the installment severance plan.

Under the terms of Mr. Malone's employment agreement, he is entitled to receive upon the termination of his employment for any reason (other than for death or "cause"), a lump sum equal to his salary for a period of five full years following termination (calculated on the basis of \$3,900 per annum, the **lump sum severance payment**).

As described above, Liberty Media assumed Mr. Malone’s employment agreement and all outstanding obligations thereunder, and we will reimburse Liberty Media for our allocated portion of any such lump sum severance payments made thereunder.

DIRECTOR COMPENSATION TABLE

Name ⁽¹⁾	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽²⁾⁽³⁾	Option Awards (\$) ⁽²⁾⁽³⁾	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) ⁽⁴⁾	All other compensation (\$) ⁽⁵⁾	Total (\$)
John C. Malone	—	—	—	—	267,536 ⁽⁶⁾⁽⁷⁾⁽⁸⁾	267,536
Richard N. Barton	118,000 ⁽⁴⁾	—	120,775	1,993	—	240,768
Fiona P. Dias	108,000	120,802	—	—	75,108 ⁽⁹⁾	303,910
M. Ian G. Gilchrist	148,000	120,802	—	—	—	268,802
Evan D. Malone	108,000	120,802	—	—	38,218 ⁽⁹⁾	267,020
David E. Rapley	158,000 ⁽⁴⁾	60,396	60,388	60,207	19,155 ⁽⁹⁾	358,146
Larry E. Romrell	158,000	—	120,775	—	—	278,775
Mark C. Vadon	128,000 ⁽⁴⁾	—	120,775	14,299	—	263,074
Andrea L. Wong	118,000 ⁽⁴⁾	60,396	60,388	41,064	38,218 ⁽⁹⁾	318,066

- (1) Gregory B. Maffei and Michael A. George, who are directors of our company and named executive officers, and John C. Malone, who is a director of our company, received no compensation for serving as directors of our company during 2020. However, we are allocated a portion of the compensation paid to Mr. Malone by Liberty Media. See footnotes (6), (7) and (8) below.
- (2) As of December 31, 2020, our directors (other than Messrs. Maffei and George, whose equity awards are listed in “Executive Compensation—Outstanding Equity Awards at Fiscal Year-End” above) held the following equity awards:

	John C. Malone	Richard N. Barton	Fiona P. Dias	M. Ian G. Gilchrist	Evan D. Malone	David E. Rapley	Larry E. Romrell	Mark C. Vadon	Andrea L. Wong
Options(#)									
QRTEA	—	165,349	—	124,634	—	90,284	180,572	476,124	40,109
RSUs & DSUs(#)									
QRTEA	—	—	24,188	11,683	11,683	5,841	—	—	5,841
QRTEP	—	—	269	—	—	—	—	—	—

- (3) The aggregate grant date fair value of the stock options and RSU awards has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 12 to our consolidated financial statements for the year ended December 31, 2020 (which are included in the 2020 Form 10-K).
- (4) Includes 2020 compensation that was earned but not paid in cash because it was deferred under the director deferred compensation plan. Amounts deferred are reflected below:

Name	2020 Deferred Compensation(\$)	2020 Above Market Earnings on Accrued Interest(\$)
Richard N. Barton	118,000	1,993
David E. Rapley	158,000	60,207
Mark C. Vadon	128,000	14,299
Andrea L. Wong	118,000	41,064

- (5) Liberty Media makes available to our directors tickets to various sporting events with no aggregate incremental cost attributable to any single person.
- (6) Includes the amount of Mr. Malone’s base salary of \$975 and the following amounts, in each case, which were allocated to our company under the services agreement:

	Amounts (\$)
Reimbursement for personal accounting services	15,000
Compensation related to personal use of corporate aircraft (a)	18,684
Tax payments made on behalf of Mr. Malone	223,446

(a) Calculated based on aggregate incremental cost of such usage to our company.

Also includes miscellaneous personal expenses, such as courier charges.

Liberty Media owns an apartment in New York City which is primarily used for business purposes. Mr. Malone makes use of this apartment and a company car and driver for personal reasons. From time to time, we also pay the cost of miscellaneous shipping and catering expenses for Mr. Malone.

- (7) Includes \$7,125 in matching contributions allocated to our company with respect to the Liberty Media 401(k) Savings Plan.
- (8) Includes \$1,545 in life insurance premiums allocated to our company for the benefit of Mr. Malone.
- (9) Includes the value of the cash dividend equivalent rights, dividend equivalent stock unit rights, incremental stock-based compensation of preferred stock RSUs and cash in lieu of fractional preferred stock RSUs received by holders of RSUs in connection with the Dividend in September 2020, and the value of the special cash dividend equivalent rights (or special dividend equivalent stock unit rights) received in December 2020, in each case, to the extent such amounts were not factored into the grant date fair value of the underlying awards computed in accordance with FASB ASC Topic 718, but pursuant to SEC regulations) without reduction for estimated forfeitures.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of December 31, 2020, with respect to shares of our common stock authorized for issuance under our equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a))
<i>Equity compensation plans approved by security holders:</i>			
Qurate Retail, Inc. 2010 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended			— ⁽¹⁾
QRTEA	1,338,082	\$15.07	
QRTEB	1,137,228	\$16.97	
QRTEP	—	—	
Qurate Retail, Inc. 2011 Nonemployee Director Incentive Plan (As Amended and Restated as of December 17, 2015), as amended			— ⁽²⁾
QRTEA	57,340	\$15.13	
QRTEB	—	—	
QRTEP	—	—	
Qurate Retail, Inc. 2012 Incentive Plan (As Amended and Restated as of March 31, 2015), as amended			— ⁽³⁾
QRTEA	10,795,100	\$15.59	
QRTEB	1,480,970	\$14.60	
QRTEP	—	—	
Qurate Retail, Inc. 2016 Omnibus Incentive Plan, as amended			— ⁽⁴⁾
QRTEA	24,699,310	\$ 7.94	
QRTEB	625,288	\$14.41	
QRTEP	—	—	
Qurate Retail, Inc. 2020 Omnibus Incentive Plan, as amended			35,303,668 ⁽⁵⁾
QRTEA	2,026,672	\$10.01	
QRTEB	—	—	
QRTEP	—	—	
<i>Equity compensation plans not approved by security holders: None⁽⁶⁾</i>			
Total			
QRTEA	38,916,504		
QRTEB	3,243,486		
QRTEP	—		35,303,668

- (1) The Qurate Retail, Inc. 2010 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended, expired on February 23, 2015 and, as a result, no further grants are permitted under this plan.
- (2) The Qurate Retail, Inc. 2011 Nonemployee Director Incentive Plan (As Amended and Restated as of December 17, 2015), as amended, expired on September 7, 2016 and, as a result, no further grants are permitted under this plan.
- (3) The Qurate Retail, Inc. 2012 Incentive Plan (As Amended and Restated as of March 31, 2015), as amended, expired on November 26, 2017 and, as a result, no further grants are permitted under this plan.
- (4) Upon adoption of the Qurate Retail, Inc. 2020 Omnibus Incentive Plan, as amended, the board of directors ceased making any further grants under the prior incentive plans, including the Qurate Retail, Inc. 2016 Omnibus Incentive Plan, as amended.
- (5) The Qurate Retail, Inc. 2020 Omnibus Incentive Plan, as amended, permits grants of, or with respect to, shares of any series of our common stock. Shares remaining in the Qurate Retail, Inc. 2016 Omnibus Incentive Plan as of the adoption of the Qurate Retail, Inc. 2020 Omnibus Incentive Plan are available for issuance under the Qurate Retail, Inc. 2020 Omnibus Incentive Plan.
- (6) On October 1, 2015, in connection with our acquisition of Zulily, we assumed each outstanding award issued pursuant to the Zulily, Inc. 2009 Equity Incentive Plan and the Zulily, Inc. 2013 Equity Plan (together, the **Zulily Plans** and such awards collectively, the **Assumed Zulily Awards**). The Assumed Zulily Awards were converted into a corresponding award with respect to shares of QRTEA. We do not intend to issue any new grants under the Zulily Plans in the future. As of December 31, 2020, the number of securities to be issued upon exercise of outstanding options, warrants and rights under the Zulily, Inc. 2009 Equity Incentive Plan was 471,653.

QRTEA shares, which have a weighted average exercise price of \$9.32. With respect to the Zulily, Inc. 2013 Equity Plan, the number of securities to be issued upon exercise of outstanding options, warrants and rights was 154,586 QRTEA shares, which have a weighted average exercise price of \$24.30.

On December 29, 2017, in connection with our acquisition of HSN, Inc., we assumed each outstanding award issued pursuant to the HSN, Inc. Second Amended and Restated 2008 Stock and Annual Incentive Plan and the HSN, Inc. 2017 Omnibus Incentive Plan (together, the **HSN Plans** and such awards collectively, the **Assumed HSN Awards**). The Assumed HSN Awards were converted into a corresponding award with respect to shares of QRTEA. We do not intend to issue any new grants under the HSN Plans in the future. As of December 31, 2020, the number of securities to be issued upon exercise of outstanding options, warrants and rights under the HSN, Inc. Second Amended and Restated 2008 Stock and Annual Incentive Plan was 1,010,086 QRTEA shares, which have a weighted average exercise price of \$16.11.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Under our Code of Business Conduct and Ethics and Corporate Governance Guidelines, if a director or executive officer has an actual or potential conflict of interest (which includes being a party to a proposed “related party transaction” (as defined by Item 404 of Regulation S-K)), the director or executive officer should promptly inform the person designated by our board to address such actual or potential conflicts. No related party transaction may be effected by our company without the approval of the audit committee of our board or another independent body of our board designated to address such actual or potential conflicts.

STOCKHOLDER PROPOSALS

This proxy statement relates to our annual meeting of stockholders for the calendar year 2021 which will take place on May 25, 2021. Based solely on the date of our 2021 annual meeting and the date of this proxy statement, (i) a stockholder proposal must be submitted in writing to our Corporate Secretary and received at our executive offices at 12300 Liberty Boulevard, Englewood, Colorado 80112, by the close of business on December 16, 2021 in order to be eligible for inclusion in our proxy materials for the annual meeting of stockholders for the calendar year 2022 (the **2022 annual meeting**), and (ii) a stockholder proposal, or any nomination by stockholders of a person or persons for election to the board of directors, must be received at our executive offices at the foregoing address not earlier than February 24, 2022 and not later than March 28, 2022 to be considered for presentation at the 2022 annual meeting. We currently anticipate that the 2022 annual meeting will be held during the second quarter of 2022. If the 2022 annual meeting takes place more than 30 days before or 30 days after May 25, 2022 (the anniversary of the 2021 annual meeting), a stockholder proposal, or any nomination by stockholders of a person or persons for election to the board of directors, will instead be required to be received at our executive offices at the foregoing address not later than the close of business on the tenth day following the first day on which notice of the date of the 2022 annual meeting is communicated to stockholders or public disclosure of the date of the 2022 annual meeting is made, whichever occurs first, in order to be considered for presentation at the 2022 annual meeting.

All stockholder proposals for inclusion in our proxy materials will be subject to the requirements of the proxy rules adopted under the Exchange Act, our charter and bylaws and Delaware law.

ADDITIONAL INFORMATION

We file periodic reports, proxy materials and other information with the SEC. You may inspect such filings on the Internet website maintained by the SEC at www.sec.gov. Additional information can also be found on our website at www.qurate.com. (Information contained on any website referenced in this proxy statement is not incorporated by reference in this proxy statement.) **If you would like to receive a copy of the 2020 Form 10-K, or any of the exhibits listed therein, please call or submit a request in writing to Investor Relations, Qurate Retail, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112, Tel. No. (866) 876-0461, and we will provide you with the 2020 Form 10-K without charge, or any of the exhibits listed therein upon the payment of a nominal fee (which fee will be limited to the expenses we incur in providing you with the requested exhibits).**

FINANCIAL INFORMATION

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

Market Information

Each series of the common stock of Qurate Retail, Inc. (formerly named Liberty Interactive Corporation, “Qurate Retail,” the “Company,” “we,” “us” and “our”) trades on the Nasdaq Global Select Market. Our Series A and Series B QVC Group common stock traded on the Nasdaq Global Select Market under the symbols “QVCA” and “QVCB,” respectively. On May 23, 2018, the Company filed its restated certificate of incorporation, which (i) eliminated the tracking stock capitalization structure of the Company and (ii) reclassified each outstanding share of our Series A and Series B QVC Group common stock into one share of our Series A and Series B common stock, respectively. Following the reclassification, our Series A and Series B common stock continued trading on the Nasdaq Global Select Market, but under the symbols “QRTEA” and “QRTEB.” Stock price information for securities traded on the Nasdaq Global Select Market can be found on the Nasdaq’s website at www.nasdaq.com. Although the reclassification resulted in stock name and related ticker symbol changes, historical information for our Series B QVC Group common stock refers to such stock herein as our Series B common stock. The following table sets forth the range of high and low sales prices of shares of our Series B common stock for the years ended December 31, 2020 and 2019. Although our Series B common stock is traded on the Nasdaq Global Select Market, an established public trading market does not exist for the stock, as it is not actively traded.

	Qurate Retail	
	Series B (QRTEB)	
	High	Low
<u>2019</u>		
First quarter	\$ 22.37	15.91
Second quarter	\$ 17.50	11.62
Third quarter	\$ 14.62	10.10
Fourth quarter	\$ 10.62	7.84
<u>2020</u>		
First quarter	\$ 6.04	2.39
Second quarter	\$ 5.96	3.32
Third quarter	\$ 28.46	5.60
Fourth quarter	\$ 12.00	6.78

Holdings

As of January 31, 2021, there were 2,335 and 67 record holders of our Series A and Series B Qurate Retail common stock, respectively. The foregoing numbers of record holders do not include the number of stockholders whose shares are held nominally by banks, brokerage houses or other institutions, but include each such institution as one shareholder.

Dividends

On August 21, 2020, Qurate Retail announced that an authorized committee of its Board of Directors had declared a special dividend (the “Special Dividend”) on each outstanding share of its Series A and Series B common stock consisting of (i) cash in the amount of \$1.50 per common share, for an aggregate cash dividend of approximately \$626 million, and (ii) 0.03 shares of newly issued 8.0% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the “Preferred Stock”), having an initial liquidation price of \$100 per share of Preferred Stock, with cash paid in lieu of fractional shares. The distribution ratio for the Preferred Stock portion of the Special Dividend was equivalent to \$3.00 in initial liquidation preference per common share, for an aggregate issuance of approximately \$1.3 billion aggregate liquidation preference. The dividend was distributed on September 14, 2020 to holders of record of Qurate Retail’s Series A and Series B common 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. The Preferred Stock is non-voting, except in limited circumstances as required by law, and subject to a mandatory redemption on March 15, 2031.

On November 20, 2020, Qurate Retail announced that an authorized committee of its Board of Directors declared a special cash dividend in the amount of \$1.50 per common share, for an aggregate dividend of approximately \$625 million, payable in cash on December 7, 2020 to stockholders of record of the Company’s Series A and Series B common stock at the close of business on November 30, 2020.

Aside from the above mentioned dividends, we have not paid any cash dividends on our common stock. Payment of cash dividends, if any, in the future will be determined by our board of directors in light of our earnings, financial condition and other relevant considerations. See “Management’s Discussion and Analysis of Financial Condition and Results of Operation – Liquidity and Capital Resources.”

Securities Authorized for Issuance Under Equity Compensation Plans

Information required by this item is incorporated by reference to our definitive proxy statement for our 2021 Annual Meeting of Stockholders.

Purchases of Equity Securities by the Issuer

Share Repurchase Programs

In May 2019, the board authorized the repurchase of \$500 million of Series A or Series B Qurate Retail common stock.

Period	Series A Qurate Retail Common Stock (ORTEA)			Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be purchased Under the Plans or Programs
	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	
October 1 - 31, 2020	—	\$ —	—	\$ 497 million
November 1 - 30, 2020	1,149,206	\$ 11.36	1,149,206	\$ 484 million
December 1 - 31, 2020	<u>5,372,576</u>	\$ 10.57	<u>5,372,576</u>	\$ 427 million
Total	<u>6,521,782</u>		<u>6,521,782</u>	

There were no repurchases of Series B Qurate Retail common stock or Preferred Stock during the three months ended December 31, 2020.

2,537 shares of Series A Qurate Retail common stock and 45 shares of Preferred Stock were surrendered by certain of our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock during the three months ended December 31, 2020.

Selected Financial Data.

Not applicable.

Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Overview

We own controlling and non-controlling interests in a broad range of video and online commerce companies. Our largest businesses and reportable segments are QxH (QVC U.S. and HSN) and QVC International. QVC, Inc. ("QVC"), which includes QxH and QVC International, markets and sells a wide variety of consumer products in the United States ("U.S.") and several foreign countries via highly engaging video-rich, interactive shopping experiences. Zulily, LLC ("Zulily") is an online retailer offering customers a fun and entertaining shopping experience with a fresh selection of new product styles launched every day, and 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. See discussion below for the entities that were included in Corporate and other in prior periods.

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

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

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

equal to the number of outstanding shares of Series A Liberty Ventures common stock and Series B Liberty Ventures common stock on March 9, 2018, respectively, (b) cash and (c) the assumption of certain liabilities by GCI Liberty.

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

On October 17, 2018, Qurate Retail announced a series of initiatives designed to better position its HSN and QVC U.S. businesses (“QRG Initiatives”). As part of the QRG Initiatives, QVC will close its fulfillment centers in Lancaster, Pennsylvania and Roanoke, Virginia and leased a new fulfillment center in Bethlehem, Pennsylvania, that commenced in 2019 (see note 8 to the accompanying consolidated financial statements). Expenditures related to the QRG Initiatives are recorded as part of transaction related costs. Qurate Retail recorded transaction related costs of \$41 million during the year ended December 31, 2018, which primarily related to severance as a result of the QRG Initiatives. Also, as a result of changes in internal reporting from the QRG Initiatives, during the first quarter of 2019 the Company changed its reportable segments to combine HSN and QVC U.S. into one reportable segment called “QxH.”

In December 2019, the novel 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 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, 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 may result 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. QVC has also paid a one-time work from home allowance to its employees during the second quarter of 2020. While the temporary increase in wages and salaries has been terminated in most of QVC’s facilities, 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.

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 March 2020, QVC observed an increase in new customers and an increase in demand for certain categories, such as home. However, QVC may not be able to retain these new customers after the pandemic subsides and any increase in demand in its product categories during the pandemic may be temporary.

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 deep cleanse its fulfillment centers and office buildings, coupled with a work-from-home allowance

to reimburse its employees for home office and associated technology costs as a result of COVID-19. In addition, Zulily management cut all travel expenses, and reduced capital expenditures due to uncertainty created by COVID-19.

In addition, there are several potential adverse impacts of COVID-19 that could cause a material negative impact to the Company's financial results, including our capital and liquidity. These include governmental restrictions on the Company's ability to continue to operate under stay at home restrictions and produce content, reduced demand for products sold, 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, an adverse impact to our supply chain and shipping disruptions for both the products we import and purchase domestically and the products the Company 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 the Company's financial results.

Further, the extent of the impact of the COVID-19 pandemic on our businesses remains fluid and the likelihood of an impact on us that could be material increases the longer the virus impacts activity levels in the locations in which we operate. In particular, the widespread distribution, acceptance and effectiveness of vaccines is highly uncertain and cannot be predicted at this time. Delays in the widespread distribution of vaccines, or lack of public acceptance, could lead people to continue to self-isolate and not participate in the economy at pre-pandemic levels for a prolonged period of time. Further, even if vaccines are widely distributed and accepted, there can be no assurance that the vaccines will ultimately be successful in limiting or stopping the spread of COVID-19. Even after the COVID-19 pandemic subsides, the U.S. economy and other major global economies may experience a recession, and we anticipate our businesses and operations could be materially adversely affected by a prolonged recession in the U.S. and other major markets.

Disposals

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

Strategies and Challenges

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

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

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

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

In July 2020, QVC implemented a planned workforce reduction with the goal of making the organizational structure streamlined and more efficient. As part of the workforce reduction, QVC has decided to eliminate live hours on QVC2 in the U.S. and other secondary channels within the international segment.

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

The Brexit process and negotiations have created political and economic uncertainty, particularly in the U.K. and the E.U., and this uncertainty may last for years. On June 23, 2016, the U.K. held a referendum in which voters approved, on an advisory basis, an exit from the E.U. The U.K. formally left the E.U. on January 31, 2020. This has resulted in a transition period that ran until December 31, 2020. On January 1, 2021, the U.K. left the E.U. Customs Union and Single Market, as well as all E.U. policies and international agreements. On December 24, 2020, the European Commission reached a trade agreement with the U.K. on the terms of its future cooperation with the E.U. (the "Trade Agreement"). The Trade Agreement offers U.K. and E.U. companies preferential access to each other's markets, ensuring imported goods that satisfy applicable point of origin rules (that is, that U.K. or E.U. goods are wholly produced or significantly worked in the U.K. or E.U., as applicable) will be free of tariffs and quotas; however, economic relations between the U.K. and the E.U. will now be on more restrictive terms than existed previously. For example, packages sent to and from the U.K., will need to satisfy new customs requirements and obtain applicable transit documents which may result in delays exporting items to customers outside of the U.K. and delays importing products into the U.K. that are shipped to QVC by its vendors. At this time, QVC cannot predict that the Trade Agreement and any future agreements on economic relations between the U.K. and the E.U. will have on its businesses and its customers, and it is possible that new terms may adversely affect QVC's operations and financial results.

There is uncertainty as to the actions that may be taken under a new Biden Administration with respect to U.S. trade policy with China. 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 its cost of merchandise, which would have a material adverse impact on its business and results of operations.

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

Zulily has limited contractual assurances of continued supply, pricing or access to new products, and vendors could change the terms upon which they sell to Zulily or discontinue selling to Zulily for future sales at any time. As Zulily grows, continuing to identify a sufficient number of new emerging brands and smaller boutique vendors may become more and more of a challenge. If Zulily is not able to identify and effectively promote these new brands, it may lose customers to competitors. Even if Zulily identifies new vendors, it may not be able to purchase desired merchandise in sufficient quantities or on acceptable terms in the future, and products from alternative sources, if any, may be of a lesser quality or

more expensive than those from existing vendors. An inability to purchase suitable merchandise on acceptable terms or to source new vendors could have an adverse effect on Zulily's business.

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

Results of Operations—Consolidated

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

Operating Results

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
<i>Revenue</i>			
QxH	\$ 8,505	8,277	8,544
QVC International.....	2,967	2,709	2,738
Zulily	1,636	1,571	1,817
Corporate and other	1,070	901	973
Inter-segment eliminations.....	(1)	—	(2)
Consolidated Qurate Retail	<u>\$ 14,177</u>	<u>13,458</u>	<u>14,070</u>
<i>Operating Income (Loss)</i>			
QxH	\$ 1,128	973	1,161
QVC International.....	439	354	351
Zulily	(12)	(1,091)	(95)
Corporate and other	17	(52)	(93)
Consolidated Qurate Retail	<u>\$ 1,572</u>	<u>184</u>	<u>1,324</u>
<i>Adjusted OIBDA</i>			
QxH	\$ 1,547	1,536	1,630
QVC International.....	510	446	429
Zulily	83	48	108
Corporate and other	58	(1)	(13)
Consolidated Qurate Retail	<u>\$ 2,198</u>	<u>2,029</u>	<u>2,154</u>

Revenue. Our consolidated revenue increased 5.3% and decreased 4.3% for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods.

QVC International, QxH and Zulily revenue increased \$258 million, \$228 million, and \$65 million, respectively, during the year ended December 31, 2020, as compared to the same period in the prior year. See "[Results of Operations - Businesses](#)" below for a more complete discussion of the results of operations of QVC and Zulily. Corporate and other revenue increased \$169 million for the year ended December 31, 2020, as compared to the corresponding period in the prior year due to an increase in Cornerstone revenue of \$169 million as a result of strong customer response in the home category due to increased demand for home furnishings, interior décor and outdoor living items.

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

Operating income (loss). Our consolidated operating income increased \$1,388 million and decreased \$1,140 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods.

Zulily operating losses decreased \$1,079 million for the year ended December 31, 2020, as compared to the corresponding prior year period, primarily due to no impairment of intangible assets at Zulily compared to the impairment taken in the prior year. QxH and QVC International operating income increased \$155 million and \$85 million, respectively, for the year ended December 31, 2020, compared to the same period in the prior year. See "[Results of Operations - Businesses](#)" below for a more complete discussion of the results of operations of QVC and Zulily. Operating income for Corporate and other improved \$69 million for the year ended December 31, 2020, as compared to the corresponding period in the prior year, due to a reduction in operating losses at Cornerstone as a result of strong home category revenue and product margin performance.

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

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

The following table provides a reconciliation of Operating income (loss) to Adjusted OIBDA.

	Year ended December 31,		
	2020	2019	2018
	amounts in millions		
Operating income (loss)	\$ 1,572	184	1,324
Depreciation and amortization	562	606	637
Stock-based compensation	64	71	88
Impairment of intangible assets	—	1,167	33
Transaction related costs	—	1	72
Adjusted OIBDA	<u>\$ 2,198</u>	<u>2,029</u>	<u>2,154</u>

Consolidated Adjusted OIBDA increased \$169 million and decreased \$125 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods.

QVC International, Zulily and QxH Adjusted OIBDA increased \$64 million, \$35 million and \$11 million for the year ended December 31, 2020, respectively, as compared to the corresponding prior year period. See "Results of Operations - Businesses" below for a more complete discussion of the results of operations of QVC and Zulily. Corporate and other Adjusted OIBDA increased \$59 million for the year ended December 31, 2020, as compared to the corresponding period in the prior year due to higher Adjusted OIBDA at Cornerstone due to strong home category revenue and product margin performance.

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

Other Income and Expense

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

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Interest expense	\$ (408)	(374)	(381)
Share of earnings (losses) of affiliate, net	(156)	(160)	(162)
Realized and unrealized gains (losses) on financial instruments, net	(110)	(251)	76
Gains (losses) on transactions, net	224	(1)	1
Tax sharing income (expense) with Liberty Broadband	(39)	(26)	32
Other, net	<u>(32)</u>	<u>6</u>	<u>(7)</u>
Other income (expense)	<u>\$ (521)</u>	<u>(806)</u>	<u>(441)</u>

Interest expense. Interest expense increased \$34 million and decreased \$7 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The increase for the year ended December 31, 2020 is due to QVC refinancing its borrowings on its senior secured credit facility with newly issued

senior secured notes, which have higher interest rates, as well as dividends incurred and paid related to the Preferred Stock during the period recorded through interest expense due to the accounting treatment, partially offset by lower outstanding debt balances due to repayment of amounts outstanding on QVC's senior secured credit facility. The decrease for the year ended December 31, 2019 is due to lower average debt balances during 2019 compared to the prior year as well as a reduction in the variable interest rate on QVC's bank credit facilities compared to the prior year.

Share of earnings (losses) of affiliates. Share of losses of affiliates decreased \$4 million and \$2 million during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The decrease in 2020 is due to fewer losses related to the Company's alternative energy solutions entities compared to the prior year, almost completely offset by an increase in share of losses due to an other than temporary impairment of QVC's China equity method investment. The decrease in 2019 was due to the fact that the prior year included losses related to the Company's former investment in FTD Companies, Inc. ("FTD"), partially offset by increased losses at the Company's alternative energy solution entities due to continued investment in such ventures. These entities typically operate at a loss and the Company records its share of such losses but have favorable tax attributes and credits, which are recorded in the Company's tax accounts.

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:

	<u>Years ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	amounts in millions		
Equity securities	\$ (1)	(22)	155
Exchangeable senior debentures	(277)	(337)	(3)
Indemnification asset	143	123	(70)
Other financial instruments	25	(15)	(6)
	<u>\$ (110)</u>	<u>(251)</u>	<u>76</u>

The changes in these accounts are due primarily to market factors and changes in the fair value of the underlying stocks or financial instruments to which these relate. The decrease in losses for the year ended December 31, 2020 as compared to the corresponding prior year period was primarily due to a decrease in unrealized losses on the Company's exchangeable senior debentures driven by less growth in stock prices of the securities underlying the debentures than the prior year, a decrease in unrealized losses related to derivative instruments, a decrease in unrealized losses related to equity securities, and an increase in unrealized gains on the indemnification asset. The decrease for the year ended December 31, 2019 as compared to the corresponding prior year period was primarily driven by a decrease in the unrealized gain on the investment in Charter and the contribution of Charter shares to GCI Liberty in the GCI Liberty Split-Off, a decrease in unrealized gains on the investment in ILG due to the purchase of ILG by Marriott Vacations Worldwide during the third quarter of 2018 and subsequent sale of this investment, and an increase in unrealized losses on exchangeable debt, partially offset by an unrealized gain on the indemnification asset as a result of the GCI Liberty Split-Off.

Gains (losses) on transactions, net. Gains on transactions, net, increased \$225 million and decreased \$2 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The increase in gain on transactions, net for the year ended December 31, 2020 is due the sale of one of the Company's alternative energy investments during the third quarter of 2020. The Company received total cash consideration of \$272 million and recorded a gain of \$224 million on the sale of the alternative energy investment.

Tax sharing income (expense) with Liberty Broadband. Due to the GCI Liberty Split-Off, the Company entered into a tax sharing agreement with GCI Liberty, which was assumed by Liberty Broadband in the fourth quarter of 2020 due to a merger between the companies. As a result, the Company recognized tax sharing expense of \$39 million and \$26 million for the years ended December 31, 2020 and 2019, respectively, and tax sharing income of \$32 million for the year ended December 31, 2018.

Other, net. Other, net decreased \$38 million and increased \$13 million for the years ended December 31, 2020 and 2019, respectively, when compared to the corresponding prior year period. The decrease in other, net for the year ended

December 31, 2020, as compared to the same period in the prior year, is primarily due to a loss on extinguishment of debt of \$40 million primarily related to the retirement of the QVC 5.125% Senior Secured Notes due 2022. The activity captured in Other, net is primarily attributable to gains (losses) on early extinguishment of debt, foreign exchange gains (losses) and interest income.

Income taxes. The Company had an income tax benefit of \$211 million, an income tax benefit of \$217 million and income tax expense of \$60 million for the years ended December 31, 2020, 2019 and 2018, respectively. Our effective tax rate for the years ended December 31, 2020, 2019 and 2018 was 20.1%, 34.9% and 6.8% respectively. For the year ended December 31, 2020, the Company recorded an income tax benefit. The current year tax benefit was primarily driven by the impacts of a corporate realignment and tax credits generated by alternative energy investments. See notes 7 and 9 to the accompanying consolidated financial statements for more information related to the corporate realignment.

In 2019 the effective tax rate was higher than the U.S. federal tax of 21% primarily due to tax benefits from tax credits and incentives generated by our alternative energy investments and tax benefits from losses generated in 2019 that were eligible for carryback to tax years with federal income tax rates greater than the U.S. statutory tax rate of 21%, partially offset by a goodwill impairment that is not deductible for tax purposes and an increase in the valuation allowance against certain deferred tax assets. In 2018 the effective tax rate was lower than the U.S. federal tax of 21% primarily due to tax benefits from tax credits and incentives generated by our alternative energy investments, a reduction in the Company's state effective tax rate used to measure deferred taxes resulting from the GCI Liberty Split-Off in March 2018, and a reduction in the Company's state effective tax rate used to measure deferred taxes resulting from a state law change during the second quarter.

Net earnings (loss). We had net earnings of \$1,262 million, net losses of \$405 million, and net earnings of \$964 million for the years ended December 31, 2020, 2019 and 2018, respectively. The change in net earnings (loss) was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Liquidity and Capital Resources

As of December 31, 2020 substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, other government securities or government guaranteed funds, AAA rated money market funds and other highly rated financial and corporate debt instruments.

The following are potential sources of liquidity: available cash balances, equity issuances, dividend and interest receipts, proceeds from asset sales, debt (including availability under QVC's bank credit facilities, as discussed in note 7 of the accompanying consolidated financial statements), and cash generated by the operating activities of our wholly-owned subsidiaries. Cash generated by the operating activities of our subsidiaries is only a source of liquidity to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted such as, in the case of QVC and Zulily, due to a requirement that a leverage ratio (calculated in accordance with the terms of the document governing such indebtedness which was an exhibit to the Qurate Retail, Inc. Form 10-K for the year ended December 31, 2019) of less than 3.5 must be maintained. As of December 31, 2020 the Company's leverage ratio was 2.0.

During the year, the Company's issuer debt credit rating was lowered from BB to BB- and QVC's issue-level rating on secured debt was lowered from BBB- to BB+ by S&P Global Ratings. All other credit ratings remained unchanged. Qurate Retail and its subsidiaries are in compliance with their debt covenants as of December 31, 2020.

As of December 31, 2020, Qurate Retail's liquidity position consisted of the following:

	<u>Cash and cash equivalents</u>
	<u>amounts in millions</u>
QVC	\$ 682
Zulily	6
Corporate and other	118
Total Qurate Retail	<u>\$ 806</u>

To the extent that the Company recognizes any taxable gains from the sale of assets, we may incur tax expense and be required to make tax payments, thereby reducing any cash proceeds. Additionally, we have \$2.93 billion available for borrowing under the QVC Bank Credit Facility at December 31, 2020. As of December 31, 2020, QVC had approximately \$380 million of cash and cash equivalents held in foreign subsidiaries that is available for domestic purposes with no significant tax consequences upon repatriation to the U.S. QVC accrues taxes on the unremitted earnings of its international subsidiaries. Approximately 63% of this foreign cash balance was that of QVC Japan. QVC owns 60% of QVC Japan and shares all profits and losses with the 40% minority interest holder, Mitsui & Co, LTD.

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

	<u>Years ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>amounts in millions</u>		
Cash Flow Information			
Net cash provided (used) by operating activities	\$ 2,455	1,284	1,273
Net cash provided (used) by investing activities	\$ (161)	(600)	47
Net cash provided (used) by financing activities	\$ (2,181)	(661)	(1,574)

During the year ended December 31, 2020, Qurate Retail's primary uses of cash were payment of cash dividends to common stockholders of \$1.3 billion, net debt repayments of \$779 million, capital expenditures of \$257 million, investments in and loans to equity method investments of \$119 million and repurchases of common stock of \$70 million, partially offset by proceeds from dispositions of investments of \$271 million, which primarily related to the sale of an investment in an alternative energy company accounted for as an equity method investment.

The projected uses of Qurate Retail's cash in the next year, outside of normal operating expenses (inclusive of tax payments), are the costs to service outstanding debt, \$344 million for estimated interest payments on outstanding debt, including corporate level and other subsidiary debt, anticipated capital improvement spending of approximately \$270 million, the repayment of certain debt obligations, the potential buyback of common stock under the approved share buyback program, payment of dividends to the holders of the Preferred Stock, other forms of capital returns to investors and additional investments in existing or new businesses. The Company also may be required to make net payments of income tax liabilities to settle items under discussion with tax authorities. The Company expects that cash on hand and cash provided by operating activities in future periods and outstanding borrowing capacity will be sufficient to fund projected uses of cash.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

In connection with agreements for the sale of assets by our company, we may retain liabilities that relate to events occurring prior to the sale, such as tax, environmental, litigation and employment matters. We generally indemnify the purchaser in the event that a third party asserts a claim against the purchaser that relates to a liability retained by us. These types of indemnification obligations may extend for a number of years. We are unable to estimate the maximum potential liability for these types of indemnification obligations as the sale agreements may not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be

determined at this time. Historically, we have not made any significant indemnification payments under such agreements and no amount has been accrued in the accompanying consolidated financial statements with respect to these indemnification obligations.

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

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

	<u>Payments due by period</u>				
	<u>Total</u>	<u>Less than 1 year</u>	<u>2 - 3 years</u>	<u>4 - 5 years</u>	<u>After 5 years</u>
<i>Consolidated contractual obligations</i>					
Long-term debt (1)	\$ 6,654	11	772	1,224	4,647
Interest payments (2).....	4,695	344	682	548	3,121
Finance and operating lease obligations	700	106	184	130	280
Preferred Stock (3)	2,277	100	200	200	1,777
Purchase orders and other obligations (4)	2,922	2,848	51	13	10
Total	<u>\$ 17,248</u>	<u>3,409</u>	<u>1,889</u>	<u>2,115</u>	<u>9,835</u>

- (1) Amounts are reflected in the table at the outstanding principal amount, assuming the debt instruments will remain outstanding until the stated maturity date, and may differ from the amounts stated in our consolidated balance sheet to the extent debt instruments (i) were issued at a discount or premium or (ii) have elements which are reported at fair value in our consolidated balance sheets. Amounts do not assume additional borrowings or refinancings of existing debt.
- (2) Amounts (i) are based on our outstanding debt at December 31, 2020, (ii) assume the interest rates on our variable rate debt remain constant at the December 31, 2020 rates and (iii) assume that our existing debt is repaid at maturity.
- (3) This amount reflects the annual 8.0% dividend on shares of Preferred Stock outstanding as of December 31, 2020 and redemption of the Preferred Stock on March 15, 2031.
- (4) Amounts include open purchase orders for inventory and non-inventory purchases along with other contractual obligations.

Critical Accounting Estimates

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

Fair Value Measurements

Financial Instruments. We record a number of assets and liabilities in our consolidated balance sheets at fair value on a recurring basis, including equity securities, financial instruments and our exchangeable senior debentures. GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. We use quoted market prices, or Level 1 inputs, to value our Fair Value Option (as defined below) securities. As of December 31, 2020 and 2019, we had no Level 1 Fair Value Option securities.

Level 2 inputs, other than quoted market prices included within Level 1, are observable for the asset or liability, either directly or indirectly. We use quoted market prices to determine the fair value of our exchangeable senior debentures. However, these debentures are not traded on active markets as defined in GAAP, so these liabilities fall in Level 2. As of December 31, 2020, the principal amount and carrying value of our exchangeable debentures were \$1,412 million and \$1,750 million, respectively.

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

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

As of December 31, 2020, the intangible assets not subject to amortization for each of our significant reportable segments were as follows:

	<u>Goodwill</u>	<u>Tradenames</u>	<u>Total</u>
	amounts in millions		
QxH	\$ 5,228	2,878	8,106
QVC International	921	—	921
Zulily	477	290	767
Corporate and other	12	—	12
	<u>\$ 6,638</u>	<u>3,168</u>	<u>9,806</u>

We perform our annual assessment of the recoverability of our goodwill and other non-amortizable intangible assets during the fourth quarter of each year, or more frequently, if events or circumstances indicate impairment may have occurred. We utilize a qualitative assessment for determining whether a quantitative goodwill and other non-amortizable intangible asset impairment analysis is necessary. The accounting guidance permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative goodwill impairment test. In evaluating goodwill on a qualitative basis the Company reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it is more likely than not that an indicated impairment exists for any of our reporting units. The Company considers whether there are any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, the legal environments and how these factors might impact company specific performance in future periods. As part of the analysis the Company also considers fair value determinations for certain

reporting units that have been made at various points throughout the current and prior years for other purposes. In 2019, an impairment of \$440 million was recorded to Zulily's goodwill. There were no goodwill impairments in 2020 and 2018. In 2019 and 2018, impairments of \$147 million and \$30 million, respectively, were recorded to HSN's tradenames. Also in 2019, an impairment of \$580 million was recorded to Zulily's tradename. There were no impairments of other intangible assets in 2020.

Retail Related Adjustments and Allowances. QVC records adjustments and allowances for sales returns, inventory obsolescence and uncollectible receivables. Each of these adjustments is estimated based on historical experience. Sales returns are calculated as a percent of sales and are netted against revenue in our consolidated statements of operations. For the years ended December 31, 2020, 2019 and 2018, sales returns represented 15.6%, 17.3% and 17.4% of QVC's gross product revenue, respectively. The inventory obsolescence reserve is calculated as a percent of QVC's inventory at the end of a reporting period based on, among other factors, the average inventory balance for the preceding 12 months and historical experience with liquidated inventory. The change in the reserve is included in cost of retail sales in our consolidated statements of operations. As of December 31, 2020, QVC's inventory was \$1,119 million, which was net of the obsolescence reserve of \$170 million. As of December 31, 2019, inventory was \$1,214 million, which was net of the obsolescence reserve of \$145 million. QVC's allowance for credit losses is calculated as a percent of accounts receivable at the end of a reporting period, and the change in such allowance is recorded as a provision for credit losses in Selling, general, and administrative ("SG&A") expenses in our consolidated statements of operations. As of December 31, 2020, QVC's trade accounts receivable were \$1,602 million, net of the allowance for credit losses of \$124 million. As of December 31, 2019, trade accounts receivable were \$1,813 million, net of the allowance for credit losses of \$123 million. Each of these estimates requires management judgment and may not reflect actual results.

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

Results of Operations—Businesses

QVC

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

In the U.S., QVC's televised shopping programs, including live and recorded content, are broadcast across multiple channels nationally on a full-time basis, including QVC, QVC 2, QVC 3, HSN and HSN2. QxH programming is also available on its websites (QVC.com and HSN.com); virtual multichannel video programming distributors (including Hulu + Live TV, AT&T TV and as of January 2021, YouTube TV); applications via streaming video (Facebook Live, Roku, Apple TV and Amazon Fire); mobile applications; social pages and over-the-air broadcasters.

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

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

QVC's operating results were as follows:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Net revenue	\$ 11,472	10,986	11,282
Cost of sales	(7,418)	(7,148)	(7,248)
Operating expenses	(786)	(768)	(881)
SG&A expenses (excluding stock-based compensation and transaction related costs)	<u>(1,211)</u>	<u>(1,088)</u>	<u>(1,094)</u>
Adjusted OIBDA	2,057	1,982	2,059
Impairment of intangible assets	—	(147)	(30)
Stock-based compensation	(37)	(39)	(46)
Depreciation and amortization	(453)	(468)	(411)
Transaction related costs	—	(1)	(60)
Operating income	<u>\$ 1,567</u>	<u>1,327</u>	<u>1,512</u>

Net revenue was generated from the following geographical areas:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
QxH	\$ 8,505	8,277	8,544
QVC International	<u>2,967</u>	<u>2,709</u>	<u>2,738</u>
	<u>\$ 11,472</u>	<u>10,986</u>	<u>11,282</u>

QVC's consolidated net revenue increased 4.4% and decreased 2.6% for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior years. The 2020 increase of \$486 million in net revenue was primarily comprised of a 2.6% increase in units sold, a \$172 million decrease in estimated product returns, primarily driven by QxH, a \$22 million increase in shipping and handling revenue across all markets except Italy and \$54 million in favorable foreign exchange rates, which was partially offset by a slight decline in average selling price per unit ("ASP").

The 2019 decrease of \$296 million in net revenue was primarily comprised of a 2.7% decrease in units sold, \$69 million in unfavorable foreign exchange rates and a \$41 million decrease in shipping and handling revenue across all markets, which was partially offset by a 1% increase in ASP driven by the international markets, and a \$49 million decrease in estimated product returns, primarily driven by the decrease in sales volume at QxH.

During the years ended December 31, 2020 and 2019, the changes in revenue and expenses were affected by changes in the exchange rates for the Japanese Yen, the Euro and the U.K. Pound Sterling. In the event the U.S. Dollar strengthens against these foreign currencies in the future, QVC's revenue and operating cash flow will be negatively affected.

In discussing QVC's operating results, the term "currency exchange rates" refers to the currency exchange rates QVC uses to convert the operating results for all countries where the functional currency is not the U.S. dollar. QVC calculates the effect of changes in currency exchange rates as the difference between current period activity translated using the prior period's currency exchange rates. Throughout our discussion, we refer to the results of this calculation as

the impact of currency exchange rate fluctuations. When we refer to “constant currency operating results”, this means operating results without the impact of the currency exchange rate fluctuations. The disclosure of constant currency amounts or results permits investors to understand better QVC’s underlying performance without the effects of currency exchange rate fluctuations.

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

	Year ended December 31, 2020			Year ended December 31, 2019		
	U.S. dollars	Foreign Currency Exchange	Constant currency	U.S. dollars	Foreign Currency Exchange	Constant currency
		Impact			Impact	
QxH	2.8 %	— %	2.8 %	(3.1)%	— %	(3.1)%
QVC International . .	9.5 %	2.0 %	7.5 %	(1.1)%	(2.6)%	1.5 %

In 2020, the QxH net revenue increase was primarily due to a 1.8% increase in units shipped, a \$171 million decrease in estimated product returns and a \$7 million increase in shipping and handling revenue, partially offset by a 1.3% decline in ASP. For the year ended December 31, 2020, QxH experienced shipped sales growth in home and accessories with declines in all other categories. The decrease in estimated product returns was primarily driven by a shift in product mix to lower return rate categories, partially offset by an increase in sales volume. The increase in shipping and handling revenue was primarily driven by the increase in units shipped and fewer promotional offers. QVC-International net revenue growth in constant currency was primarily due to a 4.6% increase in units shipped, driven by increases in units shipped across all markets, a 1.5% increase in ASP, driven by ASP increases in Germany and the U.K. and a \$15 million increase in shipping and handling revenue driven by increases in all markets except Italy, primarily due to the increase in units shipped. QVC-International experienced shipped sales growth in constant currency in home, beauty and electronics with declines in all other categories.

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

QVC's cost of sales as a percentage of net revenue was 64.7%, 65.1% and 64.2% for the years ended December 31, 2020, 2019 and 2018, respectively. The decrease in cost of goods sold as a percentage of revenue in 2020 is primarily due to favorable estimated product returns at QxH and strategic promotional and pricing initiatives, which decreased product costs as a percentage of net revenue across QxH, Japan and Germany, which was partially offset by increased fulfillment costs at QxH, primarily related to increased freight charges. The increase in cost of goods sold as a percentage of revenue in 2019 is primarily due to an increase in product fulfillment costs related to a new fulfillment center in Bethlehem, Pennsylvania and higher freight costs at QxH.

Operating expenses are principally comprised of commissions, order processing and customer service expenses, credit card processing fees, and telecommunications expenses. Operating expenses increased \$18 million or 2% and decreased \$113 million or 13% for the years ended December 31, 2020 and 2019, respectively. The increase in 2020 was primarily due to a \$15 million increase in customer service expenses, primarily at QxH, a \$6 million increase in credit card fees at QxH and to a lesser extent, Japan, and a \$5 million increase due to unfavorable exchange rates partially offset by a \$6 million decrease in commissions, primarily at QxH and to a lesser extent, Germany and the U.K., partially offset by Japan. The increase in customer service expenses is primarily driven by increased call volume during the year. The increase in credit card fees is primarily due to increased sales and lower sales penetration of our U.S. Private Label Credit Cards,

which do not charge credit card fees. The decrease in commissions is primarily due to increased digital penetration. The decrease in 2019 was primarily due to a \$92 million decrease in commissions primarily at QxH, a \$13 million decrease in personnel costs, primarily at QxH and to a lesser extent, Italy, Germany and Japan, and a \$5 million decrease due to favorable exchange rates. The decrease in commissions is primarily due to new longer term television distribution rights agreements entered into at HSN, with similar terms to QVC's television distribution agreements, which led to increased capitalization of television distribution rights agreements and favorable terms on commissions.

SG&A expenses (excluding stock compensation and transaction related costs as defined below) include personnel, information technology, provision for credit losses, production costs and marketing and advertising expense. Such expenses increased \$123 million, and were 10.6% of net revenue for the year ended December 31, 2020 as compared to the prior year and decreased \$6 million and were 9.9% of net revenue for the year ended December 31, 2019 as compared to the prior year.

The increase in 2020 was primarily due to a \$111 million increase in personnel costs across all markets, a \$53 million increase in online marketing primarily at QxH and \$7 million in unfavorable exchange rates. These increases were partially offset by a \$34 million decrease in estimated credit losses primarily at QxH and to a lesser extent, Japan, a \$14 million decline in outside services primarily at QxH and a \$10 million decrease in travel expenses across all markets. The increase related to personnel costs was primarily due to an increase to our estimated incentive pay across all markets, and a work from home allowance as a result of COVID-19, which was partially offset by the closure of our operations in France in 2019. The decrease to estimated credit losses was due to favorable adjustments based on actual collections, a decrease in the number of installment counts taken by customers, the implementation of fraud screening and a favorable shift in product category mix. The decrease in travel expenses was primarily due to less travel as a result of COVID-19.

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

QVC recorded impairment losses of \$147 million and \$30 million for the years ended December 31, 2019 and 2018, respectively, related to the decrease in the fair value of the HSN indefinite-lived tradename as a result of the quantitative assessment that was performed by the Company in each of those years (see note 6 to the accompanying consolidated financial statements). There was no impairment loss recorded by QVC for the year ended December 31, 2020.

QVC recorded \$1 million and \$60 million of transaction related costs for the years ended December 31, 2019 and 2018, respectively. The transaction related costs in 2018 were primarily related to severance payments related to the future closure of QVC's Lancaster, PA fulfillment center and other initiatives to better position its QxH operations as well as the closure of operations in France. No transaction related costs were recorded for the year ended December 31, 2020.

Stock-based compensation includes compensation related to options and restricted stock granted to certain officers and employees. QVC recorded \$37 million, \$39 million and \$46 million of stock-based compensation expense for the years ended December 31, 2020, 2019 and 2018, respectively. There was no significant change for 2020. The decrease in 2019 was primarily due to forfeitures of non-vested options from terminated individuals.

Depreciation and amortization decreased \$15 million and increased \$57 million for the years ended December 31, 2020 and December 31, 2019, respectively. Depreciation and amortization included \$66 million, \$66 million and \$67 million of acquisition related amortization during the years ended December 31, 2020, 2019, and 2018, respectively. For the year ended December 31, 2020, property and equipment depreciation decreased primarily due to the disposition of assets in France in 2019. For the year ended December 31, 2019, channel placement amortization expense increased

primarily due to new television distribution contracts entered into at HSN and software amortization decreased due to the end of useful lives of certain software additions.

Zulily

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

	Years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
	amounts in millions		
Net revenue	\$ 1,636	1,571	1,817
Cost of sales	(1,228)	(1,179)	(1,346)
Operating expenses	(44)	(42)	(50)
SG&A expenses (excluding stock-based compensation and transaction related costs)	<u>(281)</u>	<u>(302)</u>	<u>(313)</u>
Adjusted OIBDA	83	48	108
Stock-based compensation	(15)	(15)	(17)
Depreciation and amortization	(80)	(104)	(186)
Impairment of intangible assets	—	(1,020)	—
Operating income (loss)	<u>\$ (12)</u>	<u>(1,091)</u>	<u>(95)</u>

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

Zulily's consolidated net revenue increased 4.1% and decreased 13.5% for the years ended December 31, 2020 and December 31, 2019, respectively, as compared to the corresponding prior years. The increase in net revenue for the year ended December 31, 2020 was primarily attributed to increases of 4.3% in average sale price and 0.2% in total units shipped driven by increased demand for online shopping and Zulily's merchandise as a result of stay-at-home orders and the temporary closure of brick-and-mortar retail due to COVID-19. The decrease in net revenue for the year ended December 31, 2019 was primarily attributed to a 14.2% decrease in demand.

Zulily's cost of sales as a percentage of net revenue was 75.1%, 75.0% and 74.1% for the years ended December 31, 2020, 2019 and 2018, respectively. Cost of sales as a percentage of net revenue increased for the year ended December 31, 2020 as compared to the year ended December 31, 2019 primarily due to higher shipping costs and increased wages in the fulfillment centers, partially offset by favorable product margin. Cost of sales as a percentage of net revenue increased for the year ended December 31, 2019 as compared to the year ended December 31, 2018 primarily due to increased shipping costs.

Zulily's operating expenses are principally comprised of credit card processing fees and customer service expenses. Operating expenses increased for the year ended December 31, 2020, as compared to the same period in the prior year, driven by increased sales volumes. Operating expenses decreased for the year ended December 31, 2019, as compared to the same period in the prior year, due to a decrease in transaction processing fees as a result of decreased net sales.

Zulily's SG&A expenses include personnel related costs for general corporate functions, marketing and advertising expenses and information technology. As a percentage of net revenue, SG&A decreased from 19.2% to 17.2% for the year ended December 31, 2020 as compared to the year ended December 31, 2019, primarily due to lower marketing spending and more leverage attributable to the increase in sales. As a percentage of net revenue, SG&A increased from

17.2% to 19.2% for the year ended December 31, 2019 as compared to the year ended December 31, 2018, primarily due to deleveraging personnel-related costs.

Zulily's stock-based compensation expense remained flat for the year ended December 31, 2020 as compared to the corresponding period in the prior year. Zulily's stock-based compensation expense decreased slightly for the year ended December 31, 2019, compared to the corresponding period in the prior year, due to the departures of senior leadership including the Chief Merchant.

Zulily's depreciation and amortization expense decreased \$24 million and \$82 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior years. The decrease for the year ended December 31, 2020, compared to the same period in the prior year, was primarily due to the amortization of Zulily's customer relationship asset following a utilization pattern assuming greater benefit earlier in the customer relationship life. The decrease for the year ended December 31, 2019, compared to the same period in the prior year, was primarily attributable to intangible assets recognized in purchase accounting that were fully amortized as of the third quarter of 2018.

For discussion of the impairment of intangible assets in 2019, see note 6 of the accompanying consolidated financial statements.

Quantitative and Qualitative Disclosures about Market Risk.

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

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We have achieved this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when we deem appropriate. As of December 31, 2020, our debt is comprised of the following amounts:

	<u>Variable rate debt</u>		<u>Fixed rate debt</u>	
	<u>Principal</u>	<u>Weighted avg</u>	<u>Principal</u>	<u>Weighted avg</u>
	<u>amount</u>	<u>interest rate</u>	<u>amount</u>	<u>interest rate</u>
	dollar amounts in millions			
QxH and QVC International.	\$ —	— %	\$ 4,668	4.9 %
Corporate and other.	\$ —	— %	\$ 1,986	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 year ended December 31, 2020 would have been impacted by approximately \$5 million for every 1% change in foreign currency exchange rates relative to the U.S. Dollar.

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

Financial Statements and Supplementary Data.

The consolidated financial statements of Qurate Retail are included herein, beginning on page F-27.

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

None.

Controls and Procedures.

Disclosure Controls and Procedures

In accordance with Rules 13a-15 and 15d-15 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and its principal accounting and financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of December 31, 2020 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

There has been no change in the Company's internal control over financial reporting that occurred during the Company's quarter ended December 31, 2020, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Remediation Activities

See "Item 9A. Controls and Procedures - Management's Report on Internal Control Over Financial Reporting" and "Item 9A. Controls and Procedures - Material Weakness in Internal Control" contained in the Company's report on Form 10-K for the fiscal year ended December 31, 2019 (the "2019 Form 10-K") for disclosure of information about the material weakness that was reported as a result of the Company's annual assessment as of December 31, 2019 and remediation plans for that material weakness.

In response to the material weakness identified in Management's Report on Internal Control Over Financial Reporting as set forth in Part II, Item 9A in the 2019 Form 10-K, the Company developed a plan with oversight from the Audit Committee of the Board of Directors of Qurate Retail to remediate the material weakness. The remediation efforts implemented include the following:

- Removed inappropriate IT system access at the Company's German subsidiary;

- Enhanced ITGC control activities to ensure access to certain financially significant systems and data at the Company's German subsidiary is appropriately restricted to authorized personnel; and
- Continued enhanced ITGC risk assessment procedures around higher risk applications to identify potential risk areas that could have an impact on financial reporting

For the quarter ended December 31, 2020, the Company completed the testing and evaluation of the operating effectiveness of the controls and determined that the controls were designed and operating effectively as of December 31, 2020. Accordingly, the Company concluded the previously reported material weakness was remediated as of December 31, 2020.

Management's Report on Internal Control Over Financial Reporting

See page F-23 for Management's Report on Internal Control Over Financial Reporting.

See page F-24 for KPMG LLP's report regarding the effectiveness of the Company's internal control over financial reporting.

Other Information.

None.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The Company's management assessed the effectiveness of internal control over financial reporting as of December 31, 2020, using the criteria in *Internal Control-Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that, as of December 31, 2020, the Company's internal control over financial reporting is effective.

The Company's independent registered public accounting firm that audited the consolidated financial statements and related notes in the Annual Report has issued an audit report on the Company's internal control over financial reporting. Their report appears on page F-24 of this Annual Report.

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited Qurate Retail, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated February 26, 2021 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ KPMG LLP

Denver, Colorado
February 26, 2021

Report of Independent Registered Public Accounting Firm

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Qurate Retail, Inc. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 26, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in note 8 to the consolidated financial statements, the Company has changed its method of accounting for leases as of January 1, 2019 due to the adoption of Accounting Standards Codification Topic 842, *Leases*.

Basis for Opinion

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

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

Critical Audit Matter

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

Sufficiency of audit evidence over revenue

As discussed in note 2 to the consolidated financial statements, and disclosed in the consolidated statements of operations, the Company had \$14,177 million in revenue for the year ended December 31, 2020, of which \$8,505 million related to QxH, \$2,967 million related to QVC International, \$1,636 million related to Zulily, and \$1,069 million of corporate and other revenue. The processing of these revenue streams is reliant upon multiple information technology (IT) systems and the IT systems differ between revenue streams.

We identified the evaluation of the sufficiency of audit evidence over revenue as a critical audit matter. This matter required especially subjective auditor judgment due to the number of revenue streams and the related IT systems utilized throughout the revenue recognition processes. This matter also included evaluating the nature and extent of evidence obtained over each revenue stream, which included the involvement of IT professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over the processing and recording of revenue, including the IT systems tested. We evaluated the design and tested the operating effectiveness of certain internal controls related to the processing and recording of revenue. This included manual and automated controls over the IT systems used for the processing and recording of revenue. For certain revenue streams, we assessed the recorded revenue by comparing the total cash received during the year to the revenue recognized, including evaluating the relevance and reliability of the inputs to the assessment. For selected transactions, we compared the amounts recognized for consistency with underlying documentation, including evidence of contracts with customers. In addition, we involved IT professionals with specialized skills and knowledge who assisted in the design and performance of audit procedures related to certain IT systems used by the Company for the processing and recording of revenue. We evaluated the sufficiency of audit evidence obtained by assessing the results of procedures performed, including the relevance and reliability of evidence obtained.

/s/ KPMG LLP

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

Denver, Colorado
February 26, 2021

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

	2020	2019
	amounts in millions	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 806	673
Trade and other receivables, net.....	1,640	1,854
Inventory, net.....	1,301	1,413
Indemnification agreement receivable.....	345	202
Other current assets.....	473	434
Total current assets.....	4,565	4,576
Property and equipment, at cost	2,989	2,806
Accumulated depreciation	(1,689)	(1,455)
	1,300	1,351
Intangible assets not subject to amortization (note 6):		
Goodwill	6,638	6,576
Tradenames	3,168	3,168
	9,806	9,744
Intangible assets subject to amortization, net (note 6)	779	955
Other assets, at cost, net of accumulated amortization.....	549	679
Total assets.....	\$ 16,999	17,305

(continued)

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2020 and 2019

	2020	2019
	amounts in millions	
<i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable	\$ 1,305	1,091
Accrued liabilities	1,418	1,173
Current portion of debt, including \$1,750 million and \$1,557 million measured at fair value (note 7)	1,750	1,557
Other current liabilities	231	180
Total current liabilities	4,704	4,001
Long-term debt	5,186	5,855
Deferred income tax liabilities (note 9)	1,359	1,716
Preferred stock (note 10)	1,249	—
Other liabilities	768	761
Total liabilities	13,266	12,333
<i>Equity</i>		
Stockholders' equity (note 10):		
Series A Qurate Retail common stock, \$.01 par value. Authorized 4,000,000,000 shares; issued and outstanding 382,165,550 shares at December 31, 2020 and 386,691,461 shares at December 31, 2019	4	4
Series B Qurate Retail common stock, \$.01 par value. Authorized 150,000,000 shares; issued and outstanding 29,366,492 shares at December 31, 2020 and 29,278,424 shares at December 31, 2019	—	—
Additional paid-in capital	—	—
Accumulated other comprehensive earnings (loss), net of taxes	72	(55)
Retained earnings	3,522	4,891
Total stockholders' equity	3,598	4,840
Noncontrolling interests in equity of subsidiaries	135	132
Total equity	3,733	4,972
Commitments and contingencies (note 15)		
Total liabilities and equity	\$ 16,999	17,305

See accompanying notes to consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Statements Of Operations

Years ended December 31, 2020, 2019 and 2018

	2020	2019	2018
	amounts in millions, except per share amounts		
Total revenue, net	\$ 14,177	13,458	14,070
Operating costs and expenses:			
Cost of retail sales (exclusive of depreciation shown separately below)	9,291	8,899	9,209
Operating expense	867	844	970
Selling, general and administrative, including stock-based compensation and transaction related costs	1,885	1,758	1,897
Impairment of intangible assets and long lived assets	—	1,167	33
Depreciation and amortization	562	606	637
	<u>12,605</u>	<u>13,274</u>	<u>12,746</u>
Operating income	1,572	184	1,324
Other income (expense):			
Interest expense	(408)	(374)	(381)
Share of earnings (losses) of affiliates, net	(156)	(160)	(162)
Realized and unrealized gains (losses) on financial instruments, net (note 5)	(110)	(251)	76
Gains (losses) on transactions, net	224	(1)	1
Tax sharing income (expense) with Liberty Broadband	(39)	(26)	32
Other, net	(32)	6	(7)
	<u>(521)</u>	<u>(806)</u>	<u>(441)</u>
Earnings (loss) from continuing operations before income taxes	1,051	(622)	883
Income tax (expense) benefit (note 9)	211	217	(60)
Earnings (loss) from continuing operations	1,262	(405)	823
Earnings (loss) from discontinued operations, net of taxes (note 4).	—	—	141
Net earnings (loss).	1,262	(405)	964
Less net earnings (loss) attributable to the noncontrolling interests	58	51	48
Net earnings (loss) attributable to Qurate Retail, Inc. shareholders	<u>\$ 1,204</u>	<u>(456)</u>	<u>916</u>
Net earnings (loss) attributable to Qurate Retail, Inc. shareholders:			
Qurate Retail common stock	1,204	(456)	674
Liberty Ventures common stock	—	—	242
	<u>\$ 1,204</u>	<u>(456)</u>	<u>916</u>
Basic net earnings (loss) from continuing operations attributable to Qurate Retail, Inc. shareholders per common share (note 2):			
Series A and Series B Qurate Retail common stock	\$ 2.89	(1.08)	1.46
Series A and Series B Liberty Ventures common stock	\$ NA	NA	1.17
Diluted net earnings (loss) from continuing operations attributable to Qurate Retail, Inc. shareholders per common share (note 2):			
Series A and Series B Qurate Retail common stock	\$ 2.86	(1.08)	1.45
Series A and Series B Liberty Ventures common stock	\$ NA	NA	1.16
Basic net earnings (loss) attributable to Qurate Retail, Inc. shareholders per common share (note 2):			
Series A and Series B Qurate Retail common stock	\$ 2.89	(1.08)	1.46
Series A and Series B Liberty Ventures common stock	\$ NA	NA	2.81
Diluted net earnings (loss) attributable to Qurate Retail, Inc. shareholders per common share (note 2):			
Series A and Series B Qurate Retail common stock	\$ 2.86	(1.08)	1.45
Series A and Series B Liberty Ventures common stock	\$ NA	NA	2.78

See accompanying notes to consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Statements Of Comprehensive Earnings (Loss)

Years ended December 31, 2020, 2019 and 2018

	2020	2019	2018
	amounts in millions		
Net earnings (loss)	\$ 1,262	(405)	964
Other comprehensive earnings (loss), net of taxes:			
Foreign currency translation adjustments	118	1	(48)
Recognition of previously unrealized losses (gains) on debt, net	(1)	(1)	16
Share of other comprehensive earnings (loss) of equity affiliates	—	—	(2)
Comprehensive earnings (loss) attributable to debt credit risk adjustments (note 7)	17	1	38
Other comprehensive earnings (loss)	134	1	4
Comprehensive earnings (loss)	1,396	(404)	968
Less comprehensive earnings (loss) attributable to the noncontrolling interests	65	52	50
Comprehensive earnings (loss) attributable to Qurate Retail, Inc. shareholders	\$ 1,331	(456)	918

See accompanying notes to consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Statements Of Cash Flows

Years ended December 31, 2020, 2019 and 2018

	2020	2019	2018
	amounts in millions		
	(See note 3)		
Cash flows from operating activities:			
Net earnings (loss)	\$ 1,262	(405)	964
Adjustments to reconcile net earnings to net cash provided by operating activities:			
(Earnings) loss from discontinued operations	—	—	(141)
Depreciation and amortization	562	606	637
Impairment of intangible assets	—	1,167	33
Stock-based compensation	64	71	88
Noncash interest expense	7	5	6
Share of (earnings) losses of affiliates, net	156	160	162
Realized and unrealized (gains) losses on financial instruments, net	110	251	(76)
(Gains) losses on transactions, net	(224)	1	(1)
(Gains) losses on extinguishment of debt	40	(1)	24
Deferred income tax expense (benefit)	(356)	(243)	(185)
Other noncash charges (credits), net	8	9	3
Changes in operating assets and liabilities			
Decrease (increase) in accounts receivable	232	(18)	(75)
Decrease (increase) in inventory	133	62	(106)
Decrease (increase) in prepaid expenses and other assets	39	15	(127)
(Decrease) increase in trade accounts payable	185	(122)	56
(Decrease) increase in accrued and other liabilities	237	(274)	11
Net cash provided (used) by operating activities	2,455	1,284	1,273
Cash flows from investing activities:			
Cash proceeds from dispositions of investments	271	—	562
Investment in and loans to cost and equity investees	(119)	(141)	(100)
Capital expenditures	(257)	(325)	(275)
Expenditures for television distribution rights	(56)	(134)	(140)
Net cash provided (used) by investing activities	(161)	(600)	47
Cash flows from financing activities:			
Borrowings of debt	1,300	3,161	4,221
Repayments of debt	(2,079)	(3,274)	(4,395)
Repurchases of Qurate Retail common stock	(70)	(392)	(988)
GCI Liberty Split-Off	—	—	(475)
Withholding taxes on net share settlements of stock-based compensation	(7)	(7)	(29)
Indemnification payment from GCI Liberty, Inc.	—	—	133
Dividends paid to noncontrolling interest	(62)	(40)	(40)
Dividends paid to common and preferred shareholders	(1,251)	—	—
Other financing activities, net	(12)	(109)	(1)
Net cash provided (used) by financing activities	(2,181)	(661)	(1,574)
Effect of foreign currency exchange rates on cash, cash equivalents and restricted cash	20	(2)	2
Net increase (decrease) in cash, cash equivalents and restricted cash	133	21	(252)
Cash, cash equivalents and restricted cash at beginning of period	681	660	912
Cash, cash equivalents and restricted cash at end of period	\$ 814	681	660

See accompanying notes to consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Consolidated Statements Of Equity

Years ended December 31, 2020, 2019 and 2018

	Stockholders' Equity						Retained Earnings	Noncontrolling interest in equity of subsidiaries	Total equity
	QVC Group		Liberty Ventures		Additional paid-in capital	Accumulated other comprehensive earnings (loss), net of taxes			
	Series A	Series B	Series A	Series B					
	amounts in millions								
Balance at January 1, 2018	\$ 5	—	1	—	1,043	(133)	9,068	99	10,083
Net earnings (loss)	—	—	—	—	—	—	916	48	964
Other comprehensive earnings (loss)	—	—	—	—	—	2	—	2	4
Stock-based compensation	—	—	—	—	88	—	—	—	88
Series A Qurate Retail stock repurchases	(1)	—	—	—	(987)	—	—	—	(988)
Distribution to noncontrolling interest	—	—	—	—	(29)	—	—	—	(40)
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	76	(70)	—	6
Cumulative effect of accounting change (note 2)	—	—	(1)	—	(4,358)	—	—	—	—
Reattribution of the Ventures Group to Qurate Retail	—	—	—	—	3	—	—	—	—
GCI Liberty Split-Off	—	—	—	—	4,239	—	(4,239)	—	(4,347)
Other	—	—	—	—	—	—	—	—	3
Reclassification	—	—	—	—	—	—	—	—	—
Balance at December 31, 2018	\$ 4	—	—	—	—	(55)	5,675	120	5,744
Net earnings (loss)	—	—	—	—	—	—	(456)	51	(405)
Other comprehensive earnings (loss)	—	—	—	—	—	—	—	1	1
Stock-based compensation	—	—	—	—	71	—	—	—	71
Series A Qurate Retail stock repurchases	—	—	—	—	(392)	—	—	—	(392)
Distribution to noncontrolling interest	—	—	—	—	(7)	—	—	—	(40)
Other	—	—	—	—	328	—	(328)	—	(7)
Reclassification	—	—	—	—	—	—	—	—	—
Balance at December 31, 2019	\$ 4	—	—	—	—	(55)	4,891	132	4,972
Net earnings (loss)	—	—	—	—	—	—	1,204	58	1,262
Other comprehensive earnings (loss)	—	—	—	—	—	127	—	7	134
Stock-based compensation	—	—	—	—	59	—	—	—	59
Series A Qurate Retail stock repurchases	—	—	—	—	(70)	—	—	—	(70)
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(62)
Distribution of dividends to common and preferred shareholders	—	—	—	—	—	—	(2,541)	—	(2,541)
Other	—	—	—	—	(21)	—	—	—	(21)
Reclassification	—	—	—	—	32	—	(32)	—	—
Balance at December 31, 2020	\$ 4	—	—	—	—	72	3,522	135	3,733

See accompanying notes to consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020, 2019 and 2018

(1) Basis of Presentation

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

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

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

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

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

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

The following is a reconciliation of the assets and liabilities that were derecognized by the Company (in millions) at the date of the GCI Liberty Split-Off (as defined below):

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

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

On October 17, 2018, Qurate Retail announced a series of initiatives designed to better position its HSN and QVC U.S. businesses (“QRG Initiatives”). As part of the QRG Initiatives, QVC will close its fulfillment centers in Lancaster, Pennsylvania and Roanoke, Virginia and leased a new fulfillment center in Bethlehem, Pennsylvania, that commenced in 2019 (see note 8). Qurate Retail recorded transaction related costs of \$41 million during the year ended December 31, 2018 related to the QRG Initiatives, which primarily related to severance costs. Also, as a result of changes in internal reporting from the QRG Initiatives, during the first quarter of 2019 the Company changed its reportable segments to combine HSN and QVC U.S. into one reportable segment called “QxH.”

Qurate Retail and GCI Liberty (for accounting purposes a related party of Qurate Retail) entered into a tax sharing agreement. Pursuant to that tax sharing agreement, GCI Liberty 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 and GCI Liberty, Liberty Broadband has assumed the tax sharing agreement.

Qurate Retail and Liberty Media Corporation (“LMC”) (for accounting purposes a related party of Qurate Retail) entered into certain agreements in order to govern certain of the ongoing relationships between the two companies. These

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

agreements include a reorganization agreement, a services agreement (the “Services Agreement”), a facilities sharing agreement (the “Facilities Sharing Agreement”) and a tax sharing agreement (the “Tax Sharing Agreement”). The Tax Sharing Agreement provides for the allocation and indemnification of tax liabilities and benefits between Qurate Retail and LMC and other agreements related to tax matters. Qurate Retail is party to on-going discussions with the IRS under the Compliance Assurance Process audit program. The IRS may propose adjustments that relate to tax attributes allocated to and income allocable to LMC. Any potential outcome associated with any proposed adjustments would be covered by the Tax Sharing Agreement and are not expected to have any impact on Qurate Retail's financial position. Pursuant to the Services Agreement, LMC provides Qurate Retail with general and administrative services including legal, tax, accounting, treasury and investor relations support. See below for a description of an amendment to the Services Agreement entered into in December 2019. Qurate Retail reimburses LMC for direct, out-of-pocket expenses incurred by LMC in providing these services and for Qurate Retail's allocable portion of costs associated with any shared services or personnel based on an estimated percentage of time spent providing services to Qurate Retail. Under the Facilities Sharing Agreement, Qurate Retail shares office space with LMC and related amenities at LMC's corporate headquarters. Under these various agreements approximately \$9 million, \$8 million and \$8 million of these allocated expenses were reimbursable from Qurate Retail to LMC for the years ended December 31, 2020, 2019 and 2018, respectively. Qurate Retail had a tax sharing payable with LMC and Liberty Broadband of approximately \$129 million and \$95 million as of December 31, 2020 and 2019, respectively, included in Other liabilities in the consolidated balance sheets.

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

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 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.

Management is not presently aware of any events or circumstances arising from the COVID-19 pandemic 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.

On August 21, 2020, Qurate Retail announced that an authorized committee of its Board of Directors had declared a special dividend (the “Special Dividend”) on each outstanding share of its Series A and Series B common stock consisting of (i) cash in the amount of \$1.50 per common share, for an aggregate cash dividend of approximately \$626 million, and (ii) 0.03 shares of newly issued 8.0% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

“Preferred Stock”), having an initial liquidation price of \$100 per share of Preferred Stock, with cash paid in lieu of fractional shares. The distribution ratio for the Preferred Stock portion of the Special Dividend was equivalent to \$3.00 in initial liquidation preference per common share, for an aggregate issuance of approximately \$1.3 billion aggregate liquidation preference. The dividend was distributed on September 14, 2020 to holders of record of Qurate Retail’s Series A and Series B common 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. The Preferred Stock is non-voting, except in limited circumstances as required by law, and subject to a mandatory redemption on March 15, 2031.

On November 20, 2020, Qurate Retail announced that an authorized committee of its Board of Directors declared a special cash dividend (the “December Special Dividend”) in the amount of \$1.50 per common share, for an aggregate dividend of approximately \$625 million, payable in cash on December 7, 2020 to stockholders of record of the Company’s Series A and Series B common stock at the close of business on November 30, 2020.

During the year ended December 31, 2020, the Company recognized a gain as a result of the sale of one of its alternative energy investments. The Company received total cash consideration of \$272 million and recorded a gain of \$224 million on the sale.

(2) Summary of Significant Accounting Policies

Cash and Cash Equivalents

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

Receivables

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

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

	Balance beginning of year	Additions		Deductions- write-offs	Balance end of year
	to expense	Other			
amounts in millions					
2020.	\$ 129	92	—	(89)	132
2019.	\$ 117	130	4	(122)	129
2018.	\$ 92	123	3	(101)	117

Inventory

Inventory, consisting primarily of products held for sale, is stated at the lower of cost or market. Cost is determined by the average cost method, which approximates the first-in, first-out method. Assessments about the realizability of inventory require the Company to make judgments based on currently available information about the likely

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Notes to Consolidated Financial Statements (Continued)

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method of disposition including sales to individual customers, returns to product vendors, liquidations and the estimated recoverable values of each disposition category. Inventory is stated net of inventory obsolescence reserves of \$181 million and \$152 million for the years ended December 31, 2020 and 2019, respectively.

Investments

All marketable equity and debt securities held by the Company are carried at fair value, generally based on quoted market prices and changes in the fair value of such securities are reported in realized and unrealized gain (losses) on financial instruments in the accompanying consolidated statements of operations. The Company elected the measurement alternative (defined as the cost of the security, adjusted for changes in fair value when there are observable prices, less impairments) for its equity securities without readily determinable fair values. The Company had no equity securities for which it elected the fair value option as of December 31, 2020 and 2019.

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

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

Derivative Instruments and Hedging Activities

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

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

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ineffective portion of the change in fair value of a derivative instrument that qualifies as a cash flow hedge is reported in earnings.

Property and Equipment

Property and equipment consisted of the following:

	December 31, 2020	December 31, 2019
	amounts in millions	
Land.....	\$ 133	128
Buildings and improvements.....	1,291	1,204
Support equipment.....	1,243	1,023
Projects in progress.....	44	169
Finance lease right-of-use ("ROU") assets.....	278	282
Total property and equipment.....	\$ 2,989	2,806

Property and equipment, including significant improvements, is stated at amortized cost, less impairment losses, if any. Depreciation is computed using the straight-line method using estimated useful lives of 2 to 15 years for support equipment and 3 to 20 years for buildings and improvements. Depreciation expense for the years ended December 31, 2020, 2019 and 2018 was \$199 million, \$220 million and \$211 million, respectively.

Intangible Assets

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

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

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

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

Impairment of Long-lived Assets

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

Noncontrolling Interests

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

Foreign Currency Translation

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

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

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Notes to Consolidated Financial Statements (Continued)

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Revenue Recognition

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

	Year ended December 31, 2020				Total
	QxH	QVC Int'l	Zulily in millions	Corp and other	
Home	\$ 3,529	1,199	490	903	6,121
Beauty	1,261	724	73	—	2,058
Apparel	1,170	437	583	166	2,356
Accessories	944	260	394	—	1,598
Electronics	1,069	122	17	—	1,208
Jewelry	363	216	51	—	630
Other revenue	169	9	28	—	206
Total Revenue	<u>\$ 8,505</u>	<u>2,967</u>	<u>1,636</u>	<u>1,069</u>	<u>14,177</u>

	Year ended December 31, 2019				Total
	QxH	QVC Int'l	Zulily in millions	Corp and other	
Home	\$ 3,053	1,010	422	729	5,214
Beauty	1,304	659	53	—	2,016
Apparel	1,291	439	582	172	2,484
Accessories	919	262	416	—	1,597
Electronics	1,142	104	15	—	1,261
Jewelry	402	221	54	—	677
Other revenue	166	14	29	—	209
Total Revenue	<u>\$ 8,277</u>	<u>2,709</u>	<u>1,571</u>	<u>901</u>	<u>13,458</u>

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Notes to Consolidated Financial Statements (Continued)

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	Year ended December 31, 2018				
	QxH	QVC Int'l	Zulily in millions	Corp and other	Total
Home	\$ 3,185	1,023	511	791	5,510
Beauty	1,330	640	50	—	2,020
Apparel	1,325	453	684	180	2,642
Accessories	934	273	472	—	1,679
Electronics	1,134	119	18	—	1,271
Jewelry	474	213	53	—	740
Other revenue	162	17	29	—	208
Total Revenue	\$ 8,544	2,738	1,817	971	14,070

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

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

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

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

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

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

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

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

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An allowance for returned merchandise is provided as a percentage of sales based on historical experience. Sales tax collected from customers on retail sales is recorded on a net basis and is not included in revenue.

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

	Balance beginning of year	Additions - charged to earnings	Deductions	Balance end of year
	in millions			
2020.....	\$ 261	2,188	(2,149)	300
2019.....	\$ 266	2,336	(2,341)	261
2018.....	\$ 267	2,434	(2,435)	266

Cost of Sales

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

Stock-Based Compensation

As more fully described in note 12, the Company has granted to its directors, employees and employees of its subsidiaries options, restricted stock and stock appreciation rights relating to shares of Qurate Retail and/or Liberty Ventures common stock ("Qurate Retail common stock") (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an Award of equity instruments (such as stock options and restricted stock) based on the grant-date fair value ("GDFV") of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). The Company measures the cost of employee services received in exchange for an Award of liability instruments (such as stock appreciation rights that will be settled in cash) based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date.

Stock compensation expense was \$64 million, \$71 million and \$88 million for the years ended December 31, 2020, 2019 and 2018, respectively, included in selling, general and administrative expense in the accompanying consolidated statements of operations.

Income Taxes

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

When the tax law requires interest to be paid on an underpayment of income taxes, the Company recognizes interest expense from the first period the interest would begin accruing according to the relevant tax law. Such interest

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Notes to Consolidated Financial Statements (Continued)

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expense is included in interest expense in the accompanying consolidated statements of operations. Any accrual of penalties related to underpayment of income taxes on uncertain tax positions is included in other income (expense) in the accompanying consolidated statements of operations.

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

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

	Years ended December 31,		
	2020	2019	2018
Qurate Retail			
Net earnings (loss) from continuing operations	\$1,204	(456)	674
Net earnings (loss) from discontinued operations	\$ NA	NA	NA
Liberty Ventures			
Net earnings (loss) from continuing operations	\$ NA	NA	101
Net earnings (loss) from discontinued operations	\$ NA	NA	141

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

Series A and Series B Qurate Retail Common Stock

EPS for all periods through December 31, 2020, is based on the following weighted average shares outstanding. Excluded from diluted EPS for the years ended December 31, 2020, 2019 and 2018 are approximately 28 million, 22 million and 25 million potentially dilutive common shares, respectively, because their inclusion would be antidilutive.

	Years ended December 31,		
	2020	2019	2018
	number of shares in millions		
Basic WASO	416	424	462
Potentially dilutive shares	5	—	3
Diluted WASO	421	424	465

Series A and Series B Liberty Ventures Common Stock

All of the outstanding shares of Liberty Ventures Series A and B common stock were redeemed for GCI Liberty Series A and B common stock as a result of the GCI Liberty Split-Off on March 9, 2018. EPS for the year ended December 31, 2018 is based on basic WASO of 86 million, potentially dilutive shares of 1 million and diluted WASO of 87 million. Excluded from diluted EPS for the year ended December 31, 2018 are less than a million potential common shares because their inclusion would be antidilutive.

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Reclasses and adjustments

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

As a result of repurchases of Series A Qurate Retail common stock, the Company's additional paid-in capital balance was in a deficit position in certain quarterly periods during the years ended December 31, 2020, 2019 and 2018. In order to maintain a zero balance in the additional paid-in capital account, we reclassified the amount of the deficit at December 31, 2020, 2019 and 2018 to retained earnings.

Estimates

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

(3) Supplemental Disclosures to Consolidated Statements of Cash Flows

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Cash paid for acquisitions:			
Fair value of assets acquired	\$ —	—	(11)
Intangible assets subject to amortization	—	—	(4)
Net liabilities assumed	—	—	10
Deferred tax assets (liabilities)	—	—	5
Cash paid (received) for acquisitions, net of cash acquired	\$ —	—	—
Cash paid for interest	\$ 392	360	362
Cash paid for income taxes	\$ 116	175	226
Non-cash capital additions obtained in exchange for liabilities	\$ —	36	—

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Notes to Consolidated Financial Statements (Continued)

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

	December 31, 2020	December 31, 2019
	in millions	
Cash and cash equivalents	\$ 806	673
Restricted cash included in other current assets	8	8
Total cash, cash equivalents and restricted cash in the consolidated statement of cash flows	\$ 814	681

(4) Disposals

Disposals - Presented as Discontinued Operations

On March 9, 2018, Qurate Retail completed the GCI Liberty Split-Off. At the time of the GCI Liberty Split-Off, GCI Liberty was comprised of, among other things, GCI Liberty’s legacy business, Qurate Retail’s former interest in Liberty Broadband, Charter and LendingTree, and Qurate Retail’s former wholly-owned subsidiary Evite. Qurate Retail viewed Liberty Broadband, LendingTree and Evite as separate components and evaluated them separately for discontinued operations presentation. As Qurate Retail’s former interest in Charter was accounted for as an available for sale investment it did not meet the definition of a component for discontinued operation presentation. The disposition of Liberty Broadband was considered significant to the overall financial statements. Accordingly, the accompanying consolidated financial statements of Qurate Retail have been prepared to reflect Qurate Retail’s interest in Liberty Broadband as a discontinued operation for the year ended December 31, 2018. The disposition of LendingTree and Evite as part of the GCI Liberty Split-Off does not have a major effect on Qurate Retail’s historical or future results. Accordingly, LendingTree and Evite are not presented as discontinued operations in the accompanying consolidated financial statements of Qurate Retail. LendingTree and Evite are included in the Corporate and other segment through March 8, 2018. See “Disposals – Not Presented as Discontinued Operations” below for additional information regarding Evite and LendingTree.

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

	Year ended December 31, 2018	
Earnings (loss) before income taxes	\$	187
Income tax (expense) benefit	\$	(46)

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Notes to Consolidated Financial Statements (Continued)

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

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

Disposals – Not Presented as Discontinued Operations

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

(5) Assets and Liabilities Measured at Fair Value

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

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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:

	<u>Years ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	amounts in millions		
Equity securities	\$ (1)	(22)	155
Exchangeable senior debentures	(277)	(337)	(3)
Indemnification asset	143	123	(70)
Other financial instruments	25	(15)	(6)
	<u>\$ (110)</u>	<u>(251)</u>	<u>76</u>

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 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 were gains of \$21 million, \$1 million and \$70 million, net of the recognition of previously unrecognized gains and losses, for the years ended December 31, 2020, 2019, and 2018, respectively. The cumulative change was a gain of \$193 million as of December 31, 2020, net of the recognition of previously unrecognized gains and losses.

(6) Goodwill and Other Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

	<u>QxH</u>	<u>QVC International</u>	<u>Zulily</u>	<u>Corporate and Other</u>	<u>Total</u>
		amounts in millions			
Balance at January 1, 2019	\$ 5,228	860	917	12	7,017
Foreign currency translation adjustments	—	(1)	—	—	(1)
Impairment (1)	—	—	(440)	—	(440)
Balance at December 31, 2019	<u>5,228</u>	<u>859</u>	<u>477</u>	<u>12</u>	<u>6,576</u>
Foreign currency translation adjustments	—	62	—	—	62
Balance at December 31, 2020	<u>\$ 5,228</u>	<u>921</u>	<u>477</u>	<u>12</u>	<u>6,638</u>

(1) See discussion of the 2019 impairment below.

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

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Notes to Consolidated Financial Statements (Continued)

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

Intangible Assets Subject to Amortization

Intangible assets subject to amortization are comprised of the following:

	December 31, 2020			December 31, 2019		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	amounts in millions					
Television distribution rights	\$ 814	(751)	63	764	(624)	140
Customer relationships	3,334	(3,004)	330	3,319	(2,891)	428
Other	1,434	(1,048)	386	1,343	(956)	387
Total	\$ 5,582	(4,803)	779	5,426	(4,471)	955

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

Amortization expense for intangible assets with finite useful lives was \$363 million, \$386 million and \$426 million for the years ended December 31, 2020, 2019 and 2018, respectively. Based on its amortizable intangible assets as of December 31, 2020, Qurate Retail expects that amortization expense will be as follows for the next five years (amounts in millions):

2021	\$	296
2022	\$	184
2023	\$	120
2024	\$	74
2025	\$	50

Impairments

As a result of Zulily’s deteriorating financial performance during 2019, Zulily initiated a process to evaluate its current business model and long-term business strategy in light of the challenging retail environment. Upon completing the evaluation of Zulily’s model and long-term strategy, it was determined during the third quarter of 2019 that an indication of impairment existed for the Zulily reporting unit related to its tradename and goodwill. With the assistance of a third party specialist, the fair value of the tradename was determined using the relief from royalty method (Level 3), and an impairment in the amount of \$580 million was recorded during the third quarter of 2019, in the impairment of intangible assets and long lived assets line item in the consolidated statements of operations. With the assistance of a third party specialist, the fair value of the Zulily reporting unit was determined using a discounted cash flow method (Level 3), and a goodwill impairment in the amount of \$440 million was recorded during the third quarter of 2019, in the impairment of intangible assets and long lived assets line item in the consolidated statements of operations.

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

As of December 31, 2020 the Company had accumulated goodwill impairment losses of \$440 million, which was all attributed to the Zulily reporting unit.

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(7) Debt

Debt is summarized as follows:

	Outstanding principal December 31, 2020	Carrying value	
		December 31, 2020	December 31, 2019
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	430	362	327
3.75% Exchangeable Senior Debentures due 2030	432	346	318
3.5% Exchangeable Senior Debentures due 2031	—	—	422
0.75% Exchangeable Senior Debentures due 2043	—	—	2
1.75% Exchangeable Senior Debentures due 2046	332	649	488
Subsidiary level notes and facilities			
QVC 5.125% Senior Secured Notes due 2022	—	—	500
QVC 4.375% Senior Secured Notes due 2023	750	750	750
QVC 4.85% Senior Secured Notes due 2024	600	600	600
QVC 4.45% Senior Secured Notes due 2025	600	600	599
QVC 4.75% Senior Secured Notes due 2027	575	575	—
QVC 4.375% Senior Secured Notes due 2028	500	500	—
QVC 5.45% Senior Secured Notes due 2034	400	400	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	218	393	—
QVC Bank Credit Facilities	—	—	1,235
Deferred loan costs	—	(51)	(40)
Total consolidated Qurate Retail debt	<u>\$ 6,654</u>	<u>6,936</u>	<u>7,412</u>
Less debt classified as current		(1,750)	(1,557)
Total long-term debt		<u>\$ 5,186</u>	<u>5,855</u>

Exchangeable Senior Debentures

Each \$1,000 debenture of Liberty Interactive LLC’s (“LI LLC”) 4% Exchangeable Senior Debentures was exchangeable at the holder's option for the value of 3.2265 shares of Sprint Corporation (“Sprint”) common stock and 0.7860 shares of Lumen Technologies, Inc. (“Lumen Technologies”) (formerly known as CenturyLink, Inc.) common stock. On April 1, 2020, T-Mobile US, Inc. (“T-Mobile”) completed its acquisition of Sprint Corporation (“TMUS/S Acquisition”) for 0.10256 shares of T-Mobile for every share of Sprint Corporation. Following the TMUS/S Acquisition, the reference shares attributable to each \$1,000 original principal amount of the 4.0% Senior Exchangeable Debentures due 2029 consist of 0.3309 shares of common stock of T-Mobile, and 0.7860 shares of common stock of Lumen Technologies. LI LLC may, at its election, pay the exchange value in cash, Sprint and Lumen Technologies common stock or a combination thereof. LI LLC, at its option, may redeem the debentures, in whole or in part, for cash generally equal to the face amount of the debentures plus accrued interest. As a result of various principal payments made to holders of

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Notes to Consolidated Financial Statements (Continued)

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the 4% Exchangeable Senior Debentures, the adjusted principal amount of each \$1,000 debenture is \$917 as of December 31, 2020.

Each \$1,000 debenture of LI LLC's 3.75% Exchangeable Senior Debentures was exchangeable at the holder's option for the value of 2.3578 shares of Sprint common stock and 0.5746 shares of Lumen Technologies common stock. Following the TMUS/S Acquisition, each \$1,000 debenture of LI LLC's 3.75% Exchangeable Senior Debentures is exchangeable at the holder's option for the value of 0.2419 shares of T-Mobile common stock and 0.5746 shares of Lumen Technologies common stock. LI LLC may, at its election, pay the exchange value in cash, Sprint and Lumen Technologies common stock or a combination thereof. Qurate Retail, at its option, may redeem the debentures, in whole or in part, for cash equal to the face amount of the debentures plus accrued interest. As a result of various principal payments made to holders of the 3.75% Exchangeable Senior Debentures, the adjusted principal amount of each \$1,000 debenture is \$940 as of December 31, 2020.

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

As part of a common control transaction with QVC completed in December 2020, QVC Global Corporate Holdings, LLC ("QVC Global"), a subsidiary of QVC, became the primary co-obligor of LI LLC's 3.5% Exchangeable Senior Debentures (the "Motorola Exchangeables"), allowing the Motorola Exchangeables to be serviced direct by cash generated from QVC's foreign operations. Concurrently, LI LLC issued a promissory note to QVC Global with an initial face amount of \$1.8 billion, a stated annual interest rate of 0.48% and a maturity of December 29, 2029. Interest on the promissory note is to be paid annually beginning on December 29, 2021. Each \$1,000 debenture of the Motorola Exchangeables is exchangeable at the holder's option for the value of 5.2598 shares of Motorola Solutions, Inc. ("MSI"). The remaining exchange value is payable, at QVC Global's option, in cash or MSI stock or a combination thereof. QVC Global, at its option, may redeem the debentures, in whole or in part, for cash generally equal to the adjusted principal amount of the debentures plus accrued interest. As a result of various principal payments made to holders of the Motorola Exchangeables, the adjusted principal amount of each \$1,000 debenture is \$497 as of December 31, 2020. During the years ended December 31, 2020 and 2019, holders exchanged, under the terms of the Motorola Exchangeables, principal amounts of approximately \$25 million and \$58 million, respectively, and Qurate Retail made cash payments of approximately \$49 million and \$99 million, respectively, to settle the obligations.

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

Qurate Retail has sold, split-off or otherwise disposed of all of its shares of MSI, T-Mobile, Charter and Lumen Technologies common stock which underlie the respective exchangeable senior debentures. Because such exchangeable debentures are exchangeable at the option of the holder at any time and Qurate Retail can no longer use owned shares to redeem the debentures, Qurate Retail has classified for financial reporting purposes the debentures that could be redeemed for cash as a current liability. Exchangeable senior debentures classified as current totaled \$1,750 million at December 31, 2020. Although such amount has been classified as a current liability for financial reporting purposes, the Company

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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believes the probability that the holders of such instruments will exchange a significant principal amount of the debentures prior to maturity is unlikely.

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

Senior Debentures

Interest on the 8.5% Senior Debentures due 2029 and the 8.25% Senior Debentures due 2030 (collectively, the "Senior Debentures") is payable semi-annually based on the date of issuance. The Senior Debentures are stated net of aggregate unamortized discount and issuance costs of \$5 million at December 31, 2020 and \$4 million at December 31, 2019. Such discount and issuance costs are being amortized to interest expense in the accompanying consolidated statements of operations.

QVC Senior Secured Notes

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

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

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

On February 4, 2020, QVC completed a registered debt offering for \$575 million of the 4.75% Senior Secured Notes due 2027 (the "2027 Notes") at par. Interest on the 2027 Notes is paid semi-annually in February and August, with payments commencing on August 15, 2020. The proceeds were used to partially prepay existing indebtedness under QVC's bank credit facilities.

On August 20, 2020, QVC completed a registered debt offering for \$500 million of the 4.375% Senior Secured Notes due 2028 (the "2028 Notes") at par. Interest on the 2028 Notes will be paid semi-annually in March and September, with payments commencing on March 1, 2021. The proceeds were used in a cash tender offer (the "Tender Offer") to purchase the outstanding \$500 million of 5.125% Senior Secured Notes due 2022 (the "2022 Notes"). QVC also issued a notice of redemption exercising its right to optionally redeem any of the 2022 Notes that remained outstanding following the Tender Offer. As a result of the Tender Offer and the redemption, the Company recorded a loss on extinguishment of debt in the consolidated statements of operations of \$42 million for the year ended December 31, 2020.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

QVC Bank Credit Facilities

On December 31, 2018, QVC entered into the Fourth Amended and Restated Credit Agreement with Zulily as co-borrowers (collectively, the “Borrowers”) which is a multi-currency facility that provides for a \$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 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.

Availability under the Fourth Amended and Restated Credit Agreement at December 31, 2020 was \$2.93 billion, including the remaining portion of the \$400 million tranche available to Zulily and net of \$23 million of outstanding standby letters of credit.

Interest Rate Swap Arrangements

During the year ended December 31, 2016, QVC entered into a three-year interest rate swap arrangement with a notional amount of \$125 million to mitigate the interest rate risk associated with interest payments related to its variable rate debt. The swap arrangement did not qualify as a cash flow hedge under GAAP, and expired in June 2019. In July 2019, QVC entered into a three-year interest swap arrangement with a notional amount of \$125 million. The swap arrangement did not qualify as a cash flow hedge under U.S. GAAP and the fair value of the swap instrument was in a net liability position of \$3 million and less than \$1 million as of December 31, 2020 and 2019, respectively. On December 31, 2018, QVC entered into a thirteen month interest rate swap arrangement that effectively converted \$250 million of its variable rate bank credit facility to a fixed rate of 1.05% which expired in January 2020.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

Debt Covenants

Qurate Retail and its subsidiaries were in compliance with all debt covenants at December 31, 2020.

Five Year Maturities

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

2021.....	\$	11
2022.....	\$	11
2023.....	\$	761
2024.....	\$	612
2025.....	\$	612

Fair Value of Debt

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

	December 31,	
	2020	2019
Senior debentures	\$ 892	804
QVC senior secured notes	\$ 4,705	4,011

Due to the variable rate nature, Qurate Retail believes that the carrying amount of its subsidiary debt not discussed above approximated fair value at December 31, 2020.

(8) Leases

Effective January 1, 2019, the Company adopted Accounting Standards Codification Topic 842 ("ASC 842") and elected the transition method that allows for a cumulative-effect adjustment in the period of adoption. ASC 842 requires a company to recognize lease assets and lease liabilities arising from operating leases in the statement of financial position. Additionally, the criteria for classifying a lease as a finance lease versus an operating lease are substantially the same as the previous guidance. Results for reporting periods beginning after January 1, 2019 are presented under ASC 842, while prior period amounts were not adjusted and continue to be reported under the accounting standards in effect for those periods.

The Company elected certain of the available transition practical expedients, including those that permit it to not reassess (1) whether any expired or existing contracts are or contain leases, (2) the lease classification for any expired or existing leases, and (3) any initial direct costs for any existing leases as of the effective date. The Company did not elect the hindsight practical expedient, which permits entities to use hindsight in determining the lease term and assessing

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December 31, 2020, 2019 and 2018

impairment. The most significant impact of the new guidance was the recognition of ROU assets and lease liabilities for operating leases. In addition, the Company elected the practical expedient to account for the lease and non-lease components as a single lease component and will not recognize right-of-use assets or lease liabilities for short-term leases, which are those leases with a term of twelve months or less at the lease commencement date.

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

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

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

The components of lease cost during the years ended December 31, 2020 and December 31, 2019 were as follows:

	Years ended	
	December 31, 2020	December 31, 2019
	in millions	
Operating lease cost (1)	\$ 87	78
Finance lease cost		
Depreciation of leased assets	\$ 19	20
Interest on lease liabilities	8	9
Total finance lease cost	\$ 27	29

(1) Included within operating lease costs were short-term lease costs and variable lease costs, which were not material to the financial statements.

Prior to the adoption of ASC 842, rental expense under lease arrangements amounted to \$80 million for the year ended December 31, 2018.

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Notes to Consolidated Financial Statements (Continued)

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

	December 31, 2020	December 31, 2019
Weighted-average remaining lease term (years):		
Finance leases	8.5	9.2
Operating leases	8.5	9.1
Weighted-average discount rate:		
Finance leases	5.1 %	5.0 %
Operating leases	5.1 %	4.9 %

Supplemental balance sheet information related to leases was as follows:

	December 31, 2020	December 31, 2019
	in millions	
Operating leases:		
Operating lease ROU assets (1)	\$ 371	397
Current operating lease liabilities (2)	\$ 63	64
Operating lease liabilities (3)	320	349
Total operating lease liabilities	\$ 383	413
Finance Leases:		
Finance lease ROU assets (4)	\$ 278	282
Finance lease ROU asset accumulated depreciation (4)	(141)	(129)
Finance lease ROU assets, net	\$ 137	153
Current finance lease liabilities (2)	\$ 18	18
Finance lease liabilities (3)	150	163
Total finance lease liabilities	\$ 168	181

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

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Notes to Consolidated Financial Statements (Continued)

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Supplemental cash flow information related to leases was as follows:

	Years ended December 31,	
	2020	2019
	in millions	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 86	75
Operating cash flows from finance leases	\$ 8	9
Financing cash flows from finance leases	\$ 18	22
ROU assets obtained in exchange for lease obligations		
Operating leases	\$ 35	173
Finance leases	\$ —	16

Future lease payments under finance leases and operating leases with initial terms of one year or more at December 31, 2020 consisted of the following:

	Finance Leases	Operating Leases
	in millions	
2021	\$ 26	81
2022	26	70
2023	25	62
2024	24	47
2025	22	38
Thereafter	89	190
Total lease payments	\$ 212	488
Less: imputed interest	44	105
Total lease liabilities	\$ 168	383

On October 5, 2018, QVC entered into a lease for an East Coast distribution center (“ECDC Lease”). The 1.7 million square foot rental building is located in Bethlehem, Pennsylvania and has an initial term of 15 years. QVC obtained initial access to a portion of the ECDC Lease during March 2019 and obtained access to the remaining portion during September 2019. In total, QVC recorded a ROU asset of \$141 million and an operating lease liability of \$131 million relating to the ECDC Lease, with the difference attributable to prepaid rent. QVC is required to pay an initial base rent of \$10 million per year, with payments that began in the third quarter of 2019, and increasing to \$14 million per year, as well as all real estate taxes and other building operating costs. QVC also has the option to extend the term of the ECDC Lease for up to two consecutive terms of 5 years each and one final term of 4 years.

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Notes to Consolidated Financial Statements (Continued)

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(9) Income Taxes

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Current:			
Federal	\$ 8	94	(126)
State and local	(48)	(27)	(35)
Foreign	(105)	(93)	(84)
	\$ (145)	(26)	(245)
Deferred:			
Federal	\$ 315	247	131
State and local	26	(5)	57
Foreign	15	1	(3)
	356	243	185
Income tax benefit (expense)	\$ 211	217	(60)

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

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Domestic	\$ 735	(858)	683
Foreign	316	236	200
Total	\$ 1,051	(622)	883

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Notes to Consolidated Financial Statements (Continued)

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

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Computed expected tax benefit (expense)	\$ (221)	131	(186)
State and local income taxes, net of federal income taxes.	(45)	9	(13)
Foreign taxes, net of foreign tax credits	47	(1)	(5)
Alternative energy tax credits and incentives	139	152	92
Change in valuation allowance affecting tax expense	(59)	(51)	9
Change in tax rate.	(15)	(23)	61
Corporate realignment	360	—	—
Change in tax rate - tax loss carryback	—	45	—
Tax write-off of consolidated subsidiary	—	34	—
Impairment of intangible asset	—	(93)	—
Other, net.	5	14	(18)
Income tax benefit (expense).	\$ 211	217	(60)

For the year ended December 31, 2020 the Company recorded an income tax benefit. The current year tax benefit was primarily driven by the impacts of a corporate realignment and tax credits generated by alternative energy investments.

During the fourth quarter of 2020, the Company completed a corporate realignment transaction, whereby the assets and liabilities of certain foreign business units held in U.S. subsidiaries were transferred to QVC Global, a foreign subsidiary of QVC. This changed the manner in which income of the foreign business units is subject to U.S. income tax. As part of this realignment and upon entering into a payment agreement, QVC Global became the primary co-obligor of the Motorola Exchangeables. The Company's accounting policy is not to record deferred income taxes related to global intangible low-taxed income related to activity in our foreign subsidiaries but instead to recognize income tax expense in the periods as incurred. Accordingly, the deferred income tax liability for the Motorola Exchangeables that existed prior to the corporate realignment was reduced to zero and the Company recorded a corresponding income tax benefit. Although the Company no longer records deferred income taxes in the consolidated balance sheets associated with the Motorola Exchangeables, the Company expects to incur future income tax expense at prevailing income tax rates upon maturity or retirement of the Motorola Exchangeables and will reflect such income tax expense in the period incurred.

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

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

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

	December 31,	
	2020	2019
	amounts in millions	
Deferred tax assets:		
Tax losses and credit carryforwards	\$ 280	314
Foreign tax credit carryforwards	161	154
Accrued stock compensation	18	22
Operating lease liability	82	84
Other accrued liabilities	54	48
Other	168	186
Deferred tax assets	763	808
Valuation allowance	(264)	(205)
Net deferred tax assets	499	603
Deferred tax liabilities:		
Investments	31	122
Intangible assets	816	856
Fixed assets	163	106
Discount on exchangeable debentures	714	1,047
Other	102	153
Deferred tax liabilities	1,826	2,284
Net deferred tax liabilities	\$ 1,327	1,681

The Company's valuation allowance increased \$59 million in 2020, all of which affected tax expense.

At December 31, 2020, the Company has a deferred tax asset of \$280 million for net operating losses, credit carryforwards, and interest expense carryforwards. If not utilized to reduce income tax liabilities in future periods, \$272 million of these loss carryforwards and tax credits will expire at various times between 2021 and 2042. The remaining \$8 million of tax losses and carryforwards may be carried forward indefinitely. These losses and credit carryforwards are expected to be utilized prior to expiration, except for \$187 million.

At December 31, 2020, the Company had a deferred tax asset of \$161 million for foreign tax credit carryforwards. If not utilized to reduce income tax liabilities in future periods, these foreign tax credit carryforwards will expire at various times between 2022 and 2030. The Company estimates that \$76 million of its foreign tax credit carryforward will expire without utilization.

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A reconciliation of unrecognized tax benefits is as follows:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Balance at beginning of year	\$ 75	70	71
Additions based on tax positions related to the current year	7	5	9
Additions for tax positions of prior years	7	14	2
Reductions for tax positions of prior years	(1)	(3)	—
Lapse of statute and settlements	(5)	(11)	(12)
Balance at end of year	\$ 83	75	70

As of December 31, 2020, 2019 and 2018, the Company had recorded tax reserves of \$83 million, \$75 million and \$70 million, respectively, related to unrecognized tax benefits for uncertain tax positions. If such tax benefits were to be recognized for financial statement purposes, \$66 million, \$61 million and \$56 million for the years ended December 31, 2020, 2019 and 2018, respectively, would be reflected in the Company's tax expense and affect its effective tax rate. Qurate Retail's estimate of its unrecognized tax benefits related to uncertain tax positions requires a high degree of judgment. The Company has tax positions for which the amount of related unrecognized tax benefits could change during 2019. The amount of unrecognized tax benefits related to these issues could change as a result of potential settlements, lapsing of statute of limitations and revisions of estimates. It is reasonably possible that the amount of the Company's gross unrecognized tax benefits may increase within the next twelve months by up to \$3 million.

As of December 31, 2020, the Company's tax years prior to 2017 are closed for federal income tax purposes, and the IRS has completed its examination of the Company's 2017 and 2018 tax years, however, 2017 and 2018 remain open until the statute of limitations lapses on October 15 of 2021 and 2022, respectively. The Company's 2019 and 2020 tax years are being examined currently as part of the IRS's Compliance Assurance Process ("CAP") program. Various states are currently examining the Company's prior years' state income tax returns. The Company is not under audit in any foreign tax jurisdictions.

The Company recorded \$25 million of accrued interest and penalties related to uncertain tax positions for the year ended December 31, 2020, \$23 million for the year ended December 31, 2019 and \$20 million for the year ended December 31, 2018.

(10) Stockholders' Equity

Preferred Stock

On September 14, 2020, Qurate Retail issued the Preferred Stock. There were 13,500,000 shares of Preferred Stock authorized and 12,513,752 shares issued and outstanding at December 31, 2020.

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 of 8.0% per annum of the liquidation price (as described below) on a cumulative basis, during the term. If declared, accrued dividends

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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.

On February 18, 2021, the Company declared a quarterly cash dividend of \$2.00 per share payable in cash on March 15, 2021 to stockholders of record of the Preferred Stock at the close of business on March 1, 2021.

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, 2031 at 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 exceeds 25% 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 consolidated balance sheets. The Preferred Stock was initially recorded at its fair

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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 consolidated statements of operations.

Common Stock

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

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

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

As of December 31, 2020, Qurate Retail reserved for issuance upon exercise of outstanding stock options approximately 40.6 million shares of Series A Qurate Retail common stock and approximately 3.2 million shares of Series B Qurate Retail common stock.

In addition to the Series A and Series B Qurate Retail common stock, there are 4 billion shares of Series C Qurate Retail common stock authorized for issuance, respectively. As of December 31, 2020, no shares of any Series C Qurate Retail common stock were issued or outstanding.

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

Purchases of Common Stock

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

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

During the year ended December 31, 2020, the Company repurchased 6,521,782 shares of Series A Qurate Retail common stock for aggregate cash consideration of \$70 million.

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

(11) Related Party Transactions with Officers and Directors

Chairman Compensation Arrangement

In December 2019, Liberty Media entered into a new employment arrangement with Gregory B. Maffei, our Chairman. The arrangement provides for a five year employment term which began on January 1, 2020 and ends December 31, 2024, with an annual base salary of \$3 million (with no contracted increase), a one-time cash commitment bonus of \$5 million (paid in December 2019), an annual target cash performance bonus of \$17 million (with payment subject to the achievement of one or more performance metrics as determined by the applicable company's Compensation Committee), upfront equity awards and annual equity awards (as described below).

The Chairman was entitled to receive term equity awards with an aggregate grant date fair value of \$90 million (the "Upfront Awards") which were granted in two equal tranches. The first tranche consisted of time-vested stock options from each of Qurate Retail, LMC, Liberty Broadband and GCI Liberty and time-vested restricted stock units ("RSUs") from Liberty TripAdvisor (collectively, the "2019 term awards") that vest, in each case, on December 31, 2023 (except Liberty TripAdvisor's award of time-vested RSUs, which vests on December 15, 2023), subject to the Chairman's continued employment, except under certain circumstances. Qurate Retail's portion of the 2019 term awards, granted in December 2019, had an aggregate grant date fair value of \$8,550,000 and consisted of stock options to purchase 2,133,697 shares of Series A Qurate Retail common stock ("QRTEA") with an exercise price of \$8.17. The second tranche of the Upfront Awards consisted of time-vested stock options from each of LMC, Qurate Retail, Liberty Broadband and GCI Liberty and time-vested RSUs from Liberty TripAdvisor (collectively, the "2020 term awards") that vest, in each case, on December 31, 2024 (except Liberty TripAdvisor's award of time-vested RSUs, which vests on December 7, 2024), subject to the Chairman's continued employment, except under certain circumstances. Qurate Retail's portion of the 2020 term awards, granted in December 2020, had an aggregate grant date fair value of \$5,850,000 and consisted of stock options to purchase 1,190,529 QRTEA shares with an exercise price of \$10.34.

Beginning in 2020, the Chairman received annual equity award grants with an annual aggregate grant date fair value of \$17.5 million, consisting of time-vested options and/or performance-based RSUs. The Chairman elected the portions of his annual equity awards that he desired to be issued in the form of options, performance-based RSUs or a combination of both. The annual equity awards were allocated across Qurate Retail, LMC, Liberty Broadband, GCI Liberty and Liberty TripAdvisor. Vesting of any of these annual performance-based RSUs will be subject to the achievement of one or more performance metrics to be approved by the Compensation Committee of the applicable company with respect to its respective allocable portion of the annual performance-based RSUs. At Qurate Retail, the CEO's annual equity awards were issued with respect to QRTEA.

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CEO Compensation Agreement

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

In connection with the CEO's appointment to this position on March 9, 2018, the Compensation Committee of Qurate Retail approved a one-time grant of stock options and performance-based RSUs to the CEO on August 13, 2018. The options consist of 577,358 options to purchase shares of QRTEA with an exercise price of \$22.18. 50% of such options vested on December 15, 2019 and the remaining 50% vested on December 15, 2020. The options have a seven year term. The RSUs consisted of 182,983 performance-based RSUs with respect to QRTEA, of which 152,825 RSUs vested on December 21, 2020 based on performance of the Company and the personal performance of the CEO, and at the sole discretion of the Compensation Committee.

Effective November 17, 2020, Qurate Retail entered into an amendment to the CEO's compensation arrangement that provides for a one year extension of the employment agreement dated December 16, 2015. The CEO's employment term will now end on December 31, 2021, unless terminated earlier in accordance with the agreement, and his annual base salary has increased to \$1.5 million. The CEO will be eligible to receive an annual target cash bonus equal to 100% of his annual base salary with a maximum bonus of 240% of base salary, subject to the achievement of performance criteria. The CEO is eligible to receive a performance-based RSU award equal to \$5.5 million of target value, with a maximum value equal to \$8.3 million, and a time-vested RSU award also equal to \$5.5 million of value. The performance-based RSU award will be subject to performance criteria as determined by the Compensation Committee.

(12) Stock-Based Compensation

Qurate Retail - Incentive Plans

The Company has granted to certain of its directors, employees and employees of its subsidiaries, restricted stock ("RSAs"), 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.

Pursuant to the Qurate Retail, Inc. 2020 Omnibus Incentive Plan (the "2020 Plan"), the Company may grant Awards in respect of a maximum of 30.0 million shares of Qurate Retail common stock plus the shares remaining available for Awards under the prior Qurate Retail, Inc. 2016 Omnibus Incentive Plan (the "2016 Plan"), as amended, as of close of business on May 20, 2020, the day before the effective date of the 2020 Plan. Any forfeited shares from the 2016 Plan

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shall also be available again under the 2020 Plan. Awards generally vest over 1-5 years and have a term of 7-10 years. Qurate Retail issues new shares upon exercise of equity awards.

Qurate Retail – Grants

The following table presents the number and weighted average GDFV of options granted by Qurate Retail during the years ended December 31, 2020, 2019 and 2018:

	For the Years ended December 31,					
	2020		2019		2018	
	Options Granted (000's)	Weighted Average GDFV	Options Granted (000's)	Weighted Average GDFV	Options Granted (000's)	Weighted Average GDFV
Series A Qurate Retail common stock, QVC and HSN employees (1)	4,200	\$ 1.96	2,503	\$ 4.07	3,783	\$ 8.77
Series A Qurate Retail common stock, Zulily employees (1)	618	\$ 1.94	328	\$ 4.08	336	\$ 8.65
Series A Qurate Retail common stock, Qurate Retail employees and directors (2) . . .	747	\$ 4.86	639	\$ 3.97	72	\$ 7.31
Series A Qurate Retail common stock, Qurate Retail President and CEO (3)	NA	NA	NA	NA	577	\$ 7.09
Series A Qurate Retail common stock, Qurate Retail Chairman of the Board (4)	1,191	\$ 4.88	2,134	\$ 3.44	NA	NA
Series B Qurate Retail common stock, Qurate Retail Chairman of the Board (4)	NA	NA	26	\$ 5.84	175	\$ 8.84
Series B Ventures Group common stock, Qurate Retail Chairman of the Board (4) . .	NA	NA	NA	NA	143	\$ 16.55

- (1) Vests semi-annually over four years.
- (2) Vests between two and five years for employees and in one year for directors.
- (3) Vested 50% on each of December 15, 2019 and December 15, 2020.
- (4) The grants made in December 2020 and December 2019 in connection with the Chairman’s new employment agreement cliff vest in December 2024 and December 2023, respectively. The grant made in March 2019 vested immediately. The grants made in 2018 cliff vested at the end of the grant year. Grants made in 2019 and 2018 were in connection with the Chairman’s previous employment agreement (see notes 1 and 11).

In addition to the stock option grants to the Qurate Retail Chairman of the Board, and in connection with his employment agreement, Qurate Retail granted time-based and performance-based RSUs. During the year ended December 31, 2020, Qurate Retail granted 38 thousand time-based RSUs of QRTEA to our Chairman. The RSUs had a GDFV of \$7.44 per share and cliff vested on December 10, 2020. This RSU grant was issued in lieu of our Chairman receiving 50% of his remaining base salary for the last three quarters of calendar year 2020, and he waived his right to receive the other 50%, in each case, in light of the ongoing financial impact of COVID-19. During the year ended December 31, 2019, Qurate Retail granted 19 thousand time-based RSUs of Series B Qurate Retail common stock. Such RSUs had a GDFV of \$17.90 per share at the time they were granted and cliff vested on March 11, 2019. During the year ended December 31, 2020, Qurate Retail granted to our Chairman 584 thousand performance-based RSUs of QRTEA. Such RSUs had a fair value of \$4.44 at the time they were granted. During the years ended December 31, 2019 and 2018, Qurate Retail granted 194 thousand and 124 thousand performance-based RSUs, respectively, of Series B Qurate Retail common stock to our Chairman. Such RSUs had a fair value of \$17.90 and \$27.56 per share, respectively, at the time they were granted. Also during the years ended December 31, 2020 and 2019, Qurate Retail granted approximately 725 thousand and 191 thousand performance-based RSUs, respectively, of QRTEA to our President and CEO. Such RSUs had a GDFV of \$4.44 and \$17.90 per share, respectively, at the time they were granted. All of the 2020, 2019 and 2018 performance-based RSUs cliff vest

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one year from the month of grant, subject to the satisfaction of certain performance objectives and based on an amount determined by the compensation committee. Performance objectives, which are subjective, are considered in determining the timing and amount of the compensation expense recognized. As the satisfaction of the performance objectives becomes probable, the Company records compensation expense. The value of the grant is remeasured at each reporting period.

During the third quarter of 2020 and in connection with the Special Dividend, holders of RSAs and RSUs of QRTEA outstanding at the close of business on the record date received:

- i. a special cash dividend in the amount of \$1.50 per share for each QRTEA RSA and RSU so held (“Cash Dividend”), and
- ii. a special dividend of 0.03 shares of newly issued Preferred Stock (“QRTEP”) for each QRTEA RSA and RSU so held, with cash distributed in lieu of fractional shares (“Preferred Stock Dividend”). The Preferred Stock Dividend related to QRTEA RSAs and RSUs was issued in the form of QRTEP RSAs and RSUs, corresponding to the original grant of either RSAs or RSUs.

The Cash Dividend for RSA holders was paid upon distribution. The Cash Dividend for RSU holders along with the QRTEP RSAs and RSUs are subject to the same vesting schedules as those applicable to the corresponding original QRTEA RSAs and RSUs.

Also in connection with the Special Dividend, holders of outstanding stock options and stock appreciation rights (“SARs”) to purchase shares of QRTEA or Series B Qurate Retail common stock (“QRTEB”) and together with QRTEA, “QRTEA/B”) on the record date were adjusted pursuant to the anti-dilution provisions of the incentive plans under which the stock options and SARs were granted. The adjustment to the exercise price and the number of shares subject to the original stock option or SAR award preserved:

- i. the pre-Special Dividend intrinsic value of the original QRTEA/B stock option or SAR, and
- ii. the pre-Special Dividend ratio of the exercise price to the market price of the corresponding original QRTEA/B stock option or SAR.

During the fourth quarter of 2020 and in connection with the December Special Dividend, holders of QRTEA RSAs and RSUs outstanding at the close of business on the record date received a special cash dividend in the amount of \$1.50 per share for each QRTEA RSA or RSU so held (“December Cash Dividend”).

The December Cash Dividend for RSA holders was paid upon distribution. The December Cash Dividend for RSU holders is subject to the same vesting schedules as those applicable to the corresponding original QRTEA RSUs.

Also in connection with the December Special Dividend, holders of outstanding stock options and SARs to purchase shares of QRTEA/B on the record date were adjusted pursuant to the anti-dilution provisions of the incentive plans under which the stock options and SARs were granted. The adjustment to the exercise price and the number of shares subject to the original stock option or SAR award preserved:

- i. the pre-December Special Dividend intrinsic value of the original QRTEA/B stock option or SAR, and
- ii. the pre-December Special Dividend ratio of the exercise price to the market price of the corresponding original QRTEA/B stock option or SAR.

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The Company has calculated the GDFV for all of its equity classified awards using the Black-Scholes-Merton Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. For grants made in 2020, 2019 and 2018, the range of expected terms was 5.2 to 6.3 years. The volatility used in the calculation for Awards is based on the historical volatility of the Company's stocks and the implied volatility of publicly traded Qurate Retail options. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

The following table presents the range of volatilities used by Qurate Retail in the Black-Scholes-Merton Model for the 2020, 2019 and 2018 Qurate Retail and Liberty Ventures grants.

	Volatility
2020 grants	
Qurate Retail options	46.8 % - 54.8 %
2019 grants	
Qurate Retail options	30.1 % - 44.8 %
2018 grants	
Qurate Retail options	29.7 % - 30.5 %
Liberty Ventures options	27.9 % - 27.9 %

Qurate Retail - Outstanding Awards

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

	Qurate Retail							
	Series A				Series B			
	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (in millions)	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2020	23,248	\$ 21.28			1,844	\$ 27.09		
Granted	6,756	\$ 6.15			—	\$ —		
Exercised	(1,297)	\$ 2.95			—	\$ —		
Forfeited/Cancelled	(5,958)	\$ 17.12			—	\$ —		
Special Dividend adjustment	15,145	\$ 11.19			1,182	\$ 16.51		
December Special Dividend adjustment	<u>2,659</u>	\$ 10.56			<u>217</u>	\$ 15.39		
Outstanding at December 31, 2020	<u>40,553</u>	\$ 10.61	4.2 years	\$ 108	<u>3,243</u>	\$ 15.39	2.1 years	\$ —
Exercisable at December 31, 2020	<u>22,874</u>	\$ 14.12	2.9 years	\$ 13	<u>3,243</u>	\$ 15.39	2.1 years	\$ —

As of December 31, 2020, the total unrecognized compensation cost related to unvested Qurate Retail Awards was approximately \$106 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 1.9 years.

As of December 31, 2020, Qurate Retail reserved 43.8 million shares of Series A and Series B common stock for issuance under exercise privileges of outstanding stock Awards.

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Qurata Retail - Exercises

The aggregate intrinsic value of all options exercised during the years ended December 31, 2020, 2019 and 2018 was \$7 million, \$2 million and \$28 million, respectively.

Qurata Retail - Restricted Stock and Restricted Stock Units

The Company has approximately 12.7 million and 373 thousand unvested RSAs and RSUs of QRTEA and QRTEP, respectively, held by certain directors, officers and employees of the Company as of December 31, 2020. The QRTEA unvested RSAs and RSUs have a weighted average GDFV of \$7.32 per share, and 300 thousand of the QRTEP unvested RSUs have an incremental cost of \$48.88 per share.

The aggregate fair value of all QRTEA, QRTEB and QRTEP RSAs and RSUs that vested during the years ended December 31, 2020, 2019 and 2018 was \$17 million, \$25 million and \$64 million, respectively.

(13) Employee Benefit Plans

Subsidiaries of Qurata Retail sponsor 401(k) plans, which provide their employees an opportunity to make contributions to a trust for investment in Qurata Retail common stock, as well as other mutual funds. The Company's subsidiaries make matching contributions to their plans based on a percentage of the amount contributed by employees. Employer cash contributions to all plans aggregated \$28 million, \$25 million and \$26 million for the years ended December 31, 2020, 2019 and 2018, respectively.

(14) Other Comprehensive Earnings (Loss)

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

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

	<u>Foreign currency translation adjustments</u>	<u>Share of AOCI of equity affiliates</u>	<u>Comprehensive Earnings (loss) Attributable to Debt Credit Risk Adjustments</u>	<u>Other</u>	<u>AOCI</u>
	amounts in millions				
Balance at January 1, 2018	\$ (130)	(3)	—	—	(133)
Other comprehensive earnings (loss) attributable to Qurate Retail, Inc. stockholders	(50)	(2)	38	16	2
Cumulative effect of accounting change	—	—	—	76	76
Balance at December 31, 2018	<u>(180)</u>	<u>(5)</u>	<u>38</u>	<u>92</u>	<u>(55)</u>
Other comprehensive earnings (loss) attributable to Qurate Retail, Inc. stockholders	(1)	—	2	(1)	—
Balance at December 31, 2019	<u>\$ (181)</u>	<u>(5)</u>	<u>40</u>	<u>91</u>	<u>(55)</u>
Other comprehensive earnings (loss) attributable to Qurate Retail, Inc. stockholders	111	—	17	(1)	127
Balance at December 31, 2020	<u>\$ (70)</u>	<u>(5)</u>	<u>57</u>	<u>90</u>	<u>72</u>

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

	<u>Before-tax amount</u>	<u>Tax (expense) benefit</u>	<u>Net-of-tax amount</u>
	amounts in millions		
<i>Year ended December 31, 2020:</i>			
Foreign currency translation adjustments	\$ 115	3	118
Recognition of previously unrealized losses (gains) on debt, net	(1)	—	(1)
Comprehensive earnings (loss) attributable to debt credit risk adjustments	22	(5)	17
Other comprehensive earnings (loss)	<u>\$ 136</u>	<u>(2)</u>	<u>134</u>
<i>Year ended December 31, 2019:</i>			
Foreign currency translation adjustments	\$ —	1	1
Recognition of previously unrealized losses (gains) on debt, net	(1)	—	(1)
Comprehensive earnings (loss) attributable to debt credit risk adjustments	1	—	1
Other comprehensive earnings (loss)	<u>\$ —</u>	<u>1</u>	<u>1</u>
<i>Year ended December 31, 2018:</i>			
Foreign currency translation adjustments	\$ (49)	1	(48)
Recognition of previously unrealized losses (gains) on debt, net	21	(5)	16
Share of other comprehensive earnings (loss) of equity affiliates	(3)	1	(2)
Comprehensive earnings (loss) attributable to debt credit risk adjustments	50	(12)	38
Other comprehensive earnings (loss)	<u>\$ 19</u>	<u>(15)</u>	<u>4</u>

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(15) Commitments and Contingencies

Litigation

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

(16) Information About Qurate Retail's Operating Segments

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

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

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

For the year ended December 31, 2020, Qurate Retail has identified the following consolidated subsidiaries as its reportable segments:

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

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

- Zulily – Zulily markets and sells a wide variety of consumer products in the United States and several foreign countries through flash sales events, primarily through its app, mobile and desktop experiences.

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

Performance Measures

	Years ended December 31,					
	2020		2019		2018	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions					
QxH.....	\$ 8,505	1,547	8,277	1,536	8,544	1,630
QVC International	2,967	510	2,709	446	2,738	429
Zulily	1,636	83	1,571	48	1,817	108
Corporate and other	1,070	58	901	(1)	973	(13)
Inter-segment eliminations.....	(1)	—	—	—	(2)	—
Consolidated Qurate Retail.....	<u>\$ 14,177</u>	<u>2,198</u>	<u>13,458</u>	<u>2,029</u>	<u>14,070</u>	<u>2,154</u>

Other Information

	December 31, 2020		December 31, 2019	
	Total assets	Capital expenditures	Total assets	Capital expenditures
	amounts in millions			
QxH.....	\$ 12,393	182	12,774	257
QVC International	2,455	36	2,268	34
Zulily	1,049	23	1,136	23
Corporate and other	1,102	16	1,127	11
Consolidated Qurate Retail.....	<u>\$ 16,999</u>	<u>257</u>	<u>17,305</u>	<u>325</u>

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

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

	<u>Years ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	amounts in millions		
Consolidated segment Adjusted OIBDA	\$ 2,198	2,029	2,154
Stock-based compensation	(64)	(71)	(88)
Depreciation and amortization	(562)	(606)	(637)
Transaction related costs	—	(1)	(72)
Impairment of intangible assets and long lived assets	—	(1,167)	(33)
Operating income	<u>1,572</u>	<u>184</u>	<u>1,324</u>
Interest expense	(408)	(374)	(381)
Share of earnings (loss) of affiliates, net	(156)	(160)	(162)
Realized and unrealized gains (losses) on financial instruments, net	(110)	(251)	76
Gains (losses) on transactions, net	224	(1)	1
Tax sharing income (expense) with Liberty Broadband	(39)	(26)	32
Other, net	(32)	6	(7)
Earnings (loss) from continuing operations before income taxes	<u>\$ 1,051</u>	<u>(622)</u>	<u>883</u>

Revenue by Geographic Area

The following table summarizes net revenue generated by subsidiaries located within the identified geographic areas:

	<u>Years ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	amounts in millions		
United States	\$ 11,119	10,666	11,233
Japan	1,132	1,028	947
Germany	978	890	943
Other foreign countries	948	874	947
	<u>\$ 14,177</u>	<u>13,458</u>	<u>14,070</u>

Long-lived Assets by Geographic Area

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
	amounts in millions	
United States	\$ 893	935
Japan	149	153
Germany	150	154
Other foreign countries	108	109
	<u>\$ 1,300</u>	<u>1,351</u>

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

December 31, 2020

(unaudited)

amounts in millions

Qurate Retail Net Assets	\$	3,733
Reconciling items:		
Zulily, LLC ("Zulily") net assets		(623)
Cornerstone Brands, Inc. ("Cornerstone") net assets (1)		(205)
Equity investment in Cornerstone held by Liberty LLC (1)		46
Tax sharing agreement with GCI Liberty, Inc.		119
Preferred Stock liability (2)		1,249
Preferred restricted stock unit liability (2)		56
Accrued preferred dividends payable (2)		4
Liberty LLC Net Assets	<u>\$</u>	<u>4,379</u>
Qurate Retail Net Earnings	\$	1,262
Reconciling items:		
Zulily net (earnings) loss		15
Cornerstone net (earnings) loss (1)		(46)
Cornerstone equity method investment share of earnings (loss)		17
GCI Liberty, Inc. tax sharing expense		39
Accrued preferred dividends payable (2)		29
Liberty LLC Net Earnings	<u>\$</u>	<u>1,316</u>

- (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 consolidated balance sheets.

CORPORATE DATA

BOARD OF DIRECTORS

Richard N. Barton

Fiona P. Dias

Michael A. George

M. Ian G. Gilchrist

Gregory B. Maffei
(Chairman of the Board)

Evan D. Malone, Ph.D.

John C. Malone

David E. Rapley

Larry E. Romrell

Mark C. Vadon

Andrea L. Wong

EXECUTIVE COMMITTEE

Michael A. George

Gregory B. Maffei

John C. Malone

COMPENSATION COMMITTEE

Larry E. Romrell (Chairman)

Mark C. Vadon

Andrea L. Wong

AUDIT COMMITTEE

M. Ian G. Gilchrist (Chairman)

David E. Rapley

Larry E. Romrell

NOMINATING & CORPORATE GOVERNANCE COMMITTEE

David E. Rapley (Chairman)

Richard N. Barton

Mark C. Vadon

SENIOR OFFICERS

Gregory B. Maffei
Chairman of the Board

Michael A. George
President and Chief Executive Officer

Renee L. Wilm
Chief Legal Officer and Chief
Administrative Officer

Albert E. Rosenthaler
Chief Corporate Development Officer

Courtnee A. Chun
Chief Portfolio Officer

Brian J. Wendling
Chief Accounting Officer and Principal
Financial Officer

Ben Oren
Senior Vice President and Treasurer

CORPORATE SECRETARY

Katherine C. Jewell

CORPORATE HEADQUARTERS

12300 Liberty Boulevard
Englewood, CO 80112
(720) 875-5300

STOCK INFORMATION

Series A Common Stock (QRTEA), Series B
Common Stock (QRTEB) and 8% Series A
Cumulative Redeemable Preferred Stock
(QRTEP) trade on the NASDAQ Global Select
Market.

CUSIP NUMBERS

QRTEA – 74915M 100

QRTEB – 74915M 209

QRTEP – 74915M 308

TRANSFER AGENT

Qurate Retail, Inc.
Shareholder Services
c/o Broadridge Corporate Issuer Solutions
P.O. Box 1342
Brentwood, NY 11717
Phone: (888) 789-8461
Toll Free: (626) 427-6421
<https://shareholder.broadridge.com/qri>

INVESTOR RELATIONS

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ON THE INTERNET

Visit the Qurate Retail, Inc. website at
www.qurateretail.com

FINANCIAL STATEMENTS

Qurate Retail, Inc. financial statements are
filed with the Securities and Exchange
Commission. Copies of these financial
statements can be obtained from the
Transfer Agent or through the Qurate Retail,
Inc. website.

ELECTRONIC DELIVERY



We encourage Qurate Retail stockholders to voluntarily elect to receive future proxy and annual report materials electronically.

- If you are a registered stockholder, please visit www.proxyvote.com for simple instructions.
- Beneficial shareowners can elect to receive future proxy and annual report materials electronically as well as vote their shares online at www.proxyvote.com.

> Faster > Economical > Cleaner > Convenient


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to vote using your mobile device, sign up for e-delivery or download annual meeting materials.

2021 ANNUAL MEETING OF STOCKHOLDERS

 Tuesday, May 25, 2021

 8:15 a.m. Mountain Time

The 2021 Annual Meeting of Stockholders will be held via the Internet as a virtual meeting. See our Proxy Statement for additional information.

OUR ENVIRONMENT

Qurate Retail believes in working to keep our environment cleaner and healthier. We are proud to have our headquarters overlooking the Colorado Rockies. Every day, Qurate Retail takes steps to preserve the natural beauty of the surroundings that we are privileged to enjoy.

Qurate Retail's initiative in reducing its carbon footprint by promoting electronic delivery of shareholder materials has had a positive effect on the environment. Based upon 2020 statistics, voluntary receipt of e-delivery resulted in the following environmental savings:



Using approximately 38.5 fewer tons of wood, or 231 fewer trees



Using approximately 246 million fewer BTUs, or the equivalent of the amount of energy used by 293 refrigerators



Using approximately 173,000 fewer pounds of greenhouse gases, including carbon dioxide, or the equivalent of 15.3 automobiles running for 1 calendar year



Saving approximately 206,000 gallons of water, or the equivalent of approximately 9 swimming pools



Saving approximately 11,400 pounds of solid waste



Reducing hazardous air pollutants by approximately 15.4 pounds

Environmental impact estimates calculated using the Environmental Paper Network Paper Calculator. For more information visit www.papercalculator.org.

qurate
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