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

FORM 10-Q

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

For the quarterly period ended June 30, 2020

OR

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

For the transition period from to

Commission File Number 001-33982

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Series A common stock	QRTEA	The Nasdaq Stock Market LLC
Series B common stock	QRTEB	The Nasdaq Stock Market LLC

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

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

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

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-accelerated Filer ☐ Smaller Reporting Company ☐ Emerging Growth Company ☐

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

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

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

Series A common stock	387,477,851
Series B common stock	29,376,619

Table of Contents

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(unaudited)

	June 30, 2020	December 31, 2019
	amounts in millions	
Assets		
Current assets:		
Cash and cash equivalents	$ 948	673
Trade and other receivables, net of allowance for doubtful accounts of $150 million and $129 million, respectively	1,324	1,854
Inventory, net	1,304	1,413
Other current assets	618	636
Total current assets	4,194	4,576
Investments in equity securities	71	76
Property and equipment, net	1,292	1,351
Intangible assets not subject to amortization (note 5):		
Goodwill	6,574	6,576
Trademarks	3,168	3,168
	9,742	9,744
Intangible assets subject to amortization, net (note 5)	830	955
Other assets, at cost, net of accumulated amortization	568	603
Total assets	$ 16,697	17,305

(continued)

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Continued)

(unaudited)

		June 30, 2020	December 31, 2019
		amounts in millions, except share amounts	
Liabilities and Equity			
Current liabilities:			
Accounts payable	$	936	1,091
Accrued liabilities		1,146	1,173
Current portion of debt, including $1,452 million and $1,557 million measured at fair value (note 6)		1,452	1,557
Other current liabilities		216	180
Total current liabilities		3,750	4,001
Long-term debt (note 6)		5,189	5,855
Deferred income tax liabilities		1,746	1,716
Other liabilities		726	761
Total liabilities		11,411	12,333
Equity			
Stockholders' equity:			
Preferred stock, $.01 par value. Authorized 50,000,000 shares; no shares issued		—	—
Series A common stock, $.01 par value. Authorized 4,000,000,000 shares; issued and outstanding 387,467,859 shares at June 30, 2020 and 386,691,461 shares at December 31, 2019		4	4
Series B common stock, $.01 par value. Authorized 150,000,000 shares; issued and outstanding 29,381,251 shares at June 30, 2020 and 29,278,424 shares at December 31, 2019		—	—
Series C common stock, $.01 par value. Authorized 400,000,000 shares; no shares issued		—	—
Additional paid-in capital		25	—
Accumulated other comprehensive earnings (loss), net of taxes		37	(55)
Retained earnings		5,091	4,891
Total stockholders' equity		5,157	4,840
Noncontrolling interests in equity of subsidiaries		129	132
Total equity		5,286	4,972
Commitments and contingencies (note 7)			
Total liabilities and equity	$	16,697	17,305

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(unaudited)

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
	amounts in millions			
Total revenue, net	$ 3,422	3,111	6,342	6,196
Operating costs and expenses:				
Cost of retail sales (exclusive of depreciation shown separately below)	2,217	1,996	4,150	4,019
Operating expense	209	197	402	393
Selling, general and administrative, including stock-based compensation (note 2)	447	424	868	849
Depreciation and amortization	144	158	286	311
	3,017	2,775	5,706	5,572
Operating income (loss)	405	336	636	624
Other income (expense):				
Interest expense	(95)	(93)	(192)	(189)
Share of earnings (losses) of affiliates, net	(28)	(23)	(64)	(68)
Realized and unrealized gains (losses) on financial instruments, net (note 4)	23	(113)	(115)	(194)
Other, net	(12)	(7)	1	(15)
	(112)	(236)	(370)	(466)
Earnings (loss) before income taxes	293	100	266	158
Income tax (expense) benefit	(59)	30	(41)	38
Net earnings (loss)	234	130	225	196
Less net earnings (loss) attributable to the noncontrolling interests	14	12	25	23
Net earnings (loss) attributable to Qurate Retail, Inc. shareholders	$ 220	118	200	173
Basic net earnings (loss) attributable to Series A and Series B Qurate Retail, Inc. shareholders per common share (note 3):	$ 0.53	0.28	0.48	0.40
Diluted net earnings (loss) attributable to Series A and Series B Qurate Retail, Inc. shareholders per common share (note 3):	$ 0.53	0.28	0.48	0.40

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Earnings (Loss)

(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2020	**2019**	**2020**	**2019**
	amounts in millions			
Net earnings (loss)	$ 234	130	225	196
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	18	15	(4)	8
Recognition of previously unrealized losses (gains) on debt, net	—	—	(1)	—
Comprehensive earnings (loss) attributable to debt credit risk adjustments	(68)	8	99	(14)
Other comprehensive earnings (loss)	(50)	23	94	(6)
Comprehensive earnings (loss)	184	153	319	190
Less comprehensive earnings (loss) attributable to the noncontrolling interests	15	15	27	26
Comprehensive earnings (loss) attributable to Qurate Retail, Inc. shareholders	$ 169	138	292	164

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(unaudited)

	Six months ended June 30, 2020	Six months ended June 30, 2019
	amounts in millions	
Cash flows from operating activities:		
Net earnings (loss)	$ 225	196
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	286	311
Stock-based compensation	27	37
Share of (earnings) losses of affiliates, net	64	68
Realized and unrealized (gains) losses on financial instruments, net	115	194
Deferred income tax expense (benefit)	1	(21)
Other, net	4	9
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	531	544
Decrease (increase) in inventory	108	(38)
Decrease (increase) in prepaid expenses and other assets	37	62
(Decrease) increase in trade accounts payable	(152)	(352)
(Decrease) increase in accrued and other liabilities	(48)	(417)
Net cash provided (used) by operating activities	1,198	593
Cash flows from investing activities:		
Investments in and loans to cost and equity investees	(55)	(76)
Capital expenditures	(108)	(167)
Expenditures for television distribution rights	(10)	(124)
Other investing activities, net	7	—
Net cash provided (used) by investing activities	(166)	(367)
Cash flows from financing activities:		
Borrowings of debt	753	1,909
Repayments of debt	(1,477)	(1,912)
Repurchases of Qurate Retail common stock	—	(296)
Withholding taxes on net settlements of stock-based compensation	(2)	(8)
Dividends paid to noncontrolling interest	(30)	(28)
Other financing activities, net	2	(25)
Net cash provided (used) by financing activities	(754)	(360)
Effect of foreign currency exchange rates on cash, cash equivalents and restricted cash	(3)	1
Net increase (decrease) in cash, cash equivalents and restricted cash	275	(133)
Cash, cash equivalents and restricted cash at beginning of period	681	660
Cash, cash equivalents and restricted cash at end of period	$ 956	527

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

	June 30, 2020	December 31, 2019
	in millions	
Cash and cash equivalents	$ 948	673
Restricted cash included in other current assets	8	8
Total cash, cash equivalents and restricted cash in the condensed consolidated statement of cash flows	$ 956	681

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Equity

(unaudited)

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

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

	Stockholders' Equity							
	Preferred stock	Common stock Series A	Common stock Series B	Additional paid-in capital	Accumulated other comprehensive earnings (loss)	Retained earnings	Noncontrolling interest in equity of subsidiaries	Total equity
	amounts in millions							
Balance at January 1, 2019	$ —	4	—	—	(55)	5,675	120	5,744
Net earnings (loss)	—	—	—	—	—	173	23	196
Other comprehensive earnings (loss)	—	—	—	—	(9)	—	3	(6)
Stock compensation	—	—	—	37	—	—	—	37
Series A Qurate Retail stock repurchases	—	—	—	(296)	—	—	—	(296)
Distribution to noncontrolling interest	—	—	—	—	—	—	(28)	(28)
Withholding taxes on net share settlements of stock-based compensation	—	—	—	(6)	—	—	—	(6)
Reclassification	—	—	—	265	—	(265)	—	—
Balance at June 30, 2019	$ —	4	—	—	(64)	5,583	118	5,641

	Stockholders' Equity							
	Preferred stock	Common stock Qurate Retail Series A	Common stock Qurate Retail Series B	Additional paid-in capital	other comprehensive earnings (loss)	Retained earnings	Accumulated Noncontrolling interest in equity of subsidiaries	Total equity
	amounts in millions							
Balance at March 31, 2019	$ —	4	—	—	(84)	5,533	109	5,562
Net earnings (loss)	—	—	—	—	—	118	12	130
Other comprehensive income (loss)	—	—	—	—	20	—	3	23
Stock compensation	—	—	—	18	—	—	—	18
Series A Qurate Retail stock repurchases	—	—	—	(86)	—	—	—	(86)
Distribution to noncontrolling interest	—	—	—	—	—	—	(6)	(6)
Reclassification	—	—	—	68	—	(68)	—	—
Balance at June 30, 2019	$ —	4	—	—	(64)	5,583	118	5,641

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(1) Basis of Presentation

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

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

The accompanying (a) condensed consolidated balance sheet as of December 31, 2019, which has been derived from audited financial statements, and (b) the interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for such periods have been included. Additionally, certain prior period amounts have been reclassified for comparability with current period presentation. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in Qurate Retail's Annual Report on Form 10-K for the year ended December 31, 2019.

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

In December 2019, a new coronavirus ("COVID-19") was reported to have surfaced in Wuhan, China and has subsequently spread across the globe causing a global pandemic, impacting all countries where Qurate Retail operates. As a result of the spread of the virus, most 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.

As a result of COVID-19, management has increased the amounts of certain estimated reserves, including but not limited to, uncollectible receivables, inventory obsolescence and sales returns for the three and six months ended June 30, 2020. Other than these changes, management is not presently aware of any events or circumstances arising from the COVID-19 pandemic that would require the Company to update our estimates or 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 financial statements. Actual results could differ from estimates, and any such differences may be material to our financial statements.

Qurate Retail has entered into certain agreements with Liberty Media Corporation ("LMC") (for accounting purposes, a related party of the Company), a separate publicly traded company. These agreements include a reorganization agreement, services agreement and facilities sharing agreement. As a result of certain corporate transactions, LMC and Qurate Retail may have obligations to each other for certain tax related matters. Neither Qurate Retail nor LMC has any stock ownership, beneficial or otherwise, in the other. In connection with a split-off transaction that occurred in the first quarter of 2018 (the "GCI Liberty Split-Off"), Qurate Retail and GCI Liberty, Inc. ("GCI Liberty") (for accounting purposes, a related party of the Company) entered into a tax sharing agreement. Pursuant to the tax sharing agreement, GCI Liberty has agreed to indemnify Qurate Retail for taxes and tax-related losses resulting from the GCI Liberty Split-Off to the extent such taxes or tax-related losses (i) result primarily from, individually or in the aggregate, the breach of certain restrictive covenants made by GCI Liberty (applicable to actions or failures to act by GCI Liberty and its subsidiaries following the completion of the GCI Liberty Split-Off), or (ii) result from Section 355(e) of the Internal Revenue Code applying to the GCI Liberty Split-Off as a result of the GCI Liberty Split-Off being part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, a 50-percent or greater interest (measured by vote or value) in the stock of GCI Liberty (or any successor corporation).

In December 2019, the Company entered into an amendment to the services agreement in connection with LMC's entry into a new employment arrangement with Gregory B. Maffei, the Company's Chairman of the Board (the "Chairman"). Under the amended services agreement, components of his compensation will either be paid directly to him by each of the Company, Liberty TripAdvisor Holdings, Inc., GCI Liberty, and Liberty Broadband Corporation. (collectively, the "Service Companies") or reimbursed to LMC, in each case, based on allocations among LMC and the Service Companies set forth in the amended services agreement, currently set at 19% for the Company.

The reorganization agreement with LMC provides for, among other things, provisions governing the relationship between Qurate Retail and LMC, including certain cross-indemnities. Pursuant to the services agreement, LMC provides Qurate Retail with certain general and administrative services including legal, tax, accounting, treasury and investor relations support. Qurate Retail reimburses LMC for direct, out-of-pocket expenses incurred by LMC in providing these services and for Qurate Retail's allocable portion of costs associated with any shared services or personnel based on an estimated percentage of time spent providing services to Qurate Retail. Under the facilities sharing agreement, LMC shares office space and related amenities at its corporate headquarters with Qurate Retail. Under these various agreements, approximately $2 million and $1 million was reimbursable to LMC for the three months ended June 30, 2020 and 2019, respectively, and $5 million and $3 million was reimbursable to LMC for the six months ended June 30, 2020 and 2019, respectively. Qurate Retail had a tax sharing payable with LMC and GCI Liberty in the amount of approximately $99 million and $95 million as of June 30, 2020 and December 31, 2019, respectively, included in Other liabilities in the condensed consolidated balance sheets.

On August 10, 2020, Qurate Retail announced its Board of Directors intends to distribute a special dividend consisting of (i) cash in the amount of $1.50 per common share for an aggregate cash dividend of approximately $633 million and (ii) newly issued 8.0% fixed rate cumulative redeemable preferred shares (the "Preferred Shares") equivalent to $3.00 in initial liquidation value per common share, for an aggregate issuance of approximately $1.3 billion aggregate liquidation preference. The dividend has not yet been declared and is subject to formal approval by a committee of the board, but is currently expected to be payable on September 14th to holders of record of Qurate Retail's Series A and Series B common stock as of the close of business on August 31st. Holders of the Preferred Shares are expected to receive quarterly cash dividends at a fixed rate of 8.0% per year. The Preferred Shares are expected to be non-voting, subject to a mandatory redemption right in the first quarter of 2031.

(2) Stock-Based Compensation

The Company has granted to certain of its directors, employees and employees of its subsidiaries, restricted stock, restricted stock units ("RSUs") and options to purchase shares of the Company's common stock (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an equity classified Award (such as stock options and restricted stock) based on the grant-date fair value ("GDFV") of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). The Company measures the cost of employee services received in exchange for a liability classified Award based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date.

Included in selling, general and administrative expenses in the accompanying condensed consolidated statements of operations are $16 million and $18 million of stock-based compensation during the three months ended June 30, 2020 and 2019, respectively, and $27 million and $37 million of stock-based compensation during the six months ended June 30, 2020 and 2019, respectively.

The following table presents the number and weighted average GDFV of options granted by the Company during the six months ended June 30, 2020:

	Six months ended June 30, 2020	
	Options Granted (000's)	Weighted Average GDFV
Series A Qurate Retail common stock, QVC and HSN employees (1)	4,166	$ 1.94
Series A Qurate Retail common stock, Zulily employees (1)	618	$ 1.94
Series A Qurate Retail common stock, Qurate Retail employees (2)	26	$ 3.71

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

(2) Grants vest between three and four years.

During the six months ended June 30, 2020, Qurate Retail granted to its employees 9.6 million RSUs of Series A Qurate Retail common stock. The Series A RSUs had a GDFV of $4.54 per share and generally vest annually over four years. In connection with our Chairman's employment agreement, during the six months ended June 30, 2020, Qurate Retail granted 584 thousand performance-based RSUs of Series A Qurate Retail common stock to the Chairman. The Series A RSUs had a GDFV of $ 4.44 per share at the time they were granted and will cliff vest one year from the month of grant, subject to the satisfaction of certain performance objectives. During the six months ended June 30, 2020, Qurate Retail also granted approximately 725 thousand performance-based RSUs of Series A Qurate Retail common stock to its CEO. The Series A RSUs had a GDFV of $4.44 per share at the time they were granted and will cliff vest one year from the month of grant, subject to the satisfaction of certain performance objectives. Performance objectives, which are subjective, are considered in determining the timing and amount of compensation expense recognized. When the satisfaction of the performance objectives becomes probable, the Company records compensation expense. The probability of satisfying the performance objectives is assessed at the end of each reporting period.

Also during the six months ended June 30, 2020, Qurate Retail granted 38 thousand time-based RSUs of Series A Qurate Retail common stock to our Chairman. The RSUs had a GDFV of $7.44 per share and cliff vest 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 has waived his right to receive the other 50%, in each case, in light of the ongoing financial impact of COVID-19.

The Company has calculated the GDFV for all of its equity classified Awards and any subsequent remeasurement of its liability classified Awards using the Black-Scholes-Merton Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. The volatility used in the calculation for Awards is based on the historical volatility of Qurate Retail's stock and the implied volatility of publicly traded Qurate Retail options. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

Qurate Retail—Outstanding Awards

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

	Series A (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2020	23,248	$ 21.28		
Granted	4,810	$ 4.46		
Exercised	—	$ —		
Forfeited/Cancelled	(3,256)	$ 19.37		
Outstanding at June 30, 2020	24,802	$ 18.27	4.5 years	$ 31
Exercisable at June 30, 2020	11,861	$ 24.37	3.2 years	$ 4

	Series B (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2020	1,844	$ 27.09		
Granted	—	$ —		
Exercised	—	$ —		
Forfeited/Cancelled	—	$ —		
Outstanding at June 30, 2020	1,844	$ 27.09	2.6 years	$ —
Exercisable at June 30, 2020	1,844	$ 27.09	2.6 years	$ —

There were no options to purchase shares of Series B common stock granted during the six months ended June 30, 2020.

As of June 30, 2020, the total unrecognized compensation cost related to unvested Awards was approximately $39 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 2.2 years.

As of June 30, 2020, Qurate Retail reserved for issuance upon exercise of outstanding stock options approximately 24.8 million shares of Series A Qurate Retail common stock and 1.8 million shares of Series B Qurate Retail common stock.

(3) Earnings (Loss) Per Common Share

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding ("WASO") for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented. Potentially dilutive shares are excluded from the computation of diluted EPS during periods in which losses are reported since the result would be antidilutive.

Excluded from diluted EPS for the three months ended June 30, 2020 and 2019 are 22 million and 27 million potential common shares, respectively, because their inclusion would have been antidilutive. Excluded from EPS for the six months ended June 30, 2020 and 2019 are 22 million and 27 million potential common shares, respectively, because their inclusion would have been antidilutive.

	Qurate Retail Common Stock			
	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	number of shares in millions			
Basic WASO	417	428	416	431
Potentially dilutive shares	1	—	2	—
Diluted WASO	418	428	418	431

(4) Assets and Liabilities Measured at Fair Value

For assets and liabilities required to be reported at fair value, GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs, other than quoted market prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

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

	Fair Value Measurements at June 30, 2020			Fair Value Measurements at December 31, 2019		
Description	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
	amounts in millions					
Cash equivalents	$ 550	550	—	339	339	—
Indemnification asset	$ 215	—	215	202	—	202
Debt	$ 1,452	—	1,452	1,557	—	1,557

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

The indemnification asset relates to GCI Liberty's agreement to indemnify Liberty Interactive LLC ("LI LLC") and pertains to the ability of holders of LI LLC's 1.75% exchangeable debentures due 2046 (the "1.75% Exchangeable Debentures") to exercise their exchange right according to the terms of the debentures on or before October 5, 2023. Such amount will equal the difference between the exchange value and par value of the 1.75% Exchangeable Debentures at the time the exchange occurs. The indemnification asset recorded in the condensed consolidated balance sheets as of June 30, 2020 represents the fair value of the estimated exchange feature included in the 1.75% Exchangeable Debentures primarily based on market observable inputs (Level 2). As of June 30, 2020, a holder of the 1.75% Exchangeable Debentures has the ability to exchange and, accordingly, such indemnification asset is included as a current asset in our condensed consolidated balance sheet as of that date.

Realized and Unrealized Gains (Losses) on Financial Instruments

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	amounts in millions			
Equity securities	$ —	(3)	(4)	2
Exchangeable senior debentures	(30)	(139)	(80)	(255)
Indemnification asset	35	23	13	55
Other financial instruments	18	6	(44)	4
	$ 23	(113)	(115)	(194)

The Company has elected to account for its exchangeable debt using the fair value option. Changes in the fair value of the exchangeable senior debentures recognized in the condensed consolidated statement of operations are primarily due to market factors primarily driven by changes in the fair value of the underlying shares into which the debt is exchangeable. The Company isolates the portion of the unrealized gain (loss) attributable to the change in the instrument specific credit risk and recognizes such amount in other comprehensive earnings (loss). The change in the fair value of the exchangeable senior debentures attributable to changes in the instrument specific credit risk was a loss of $90 million and a gain of $10 million for the three months ended June 30, 2020 and 2019, respectively, and a gain of $129 million and a loss of $19 million for the six months ended June 30, 2020 and 2019, respectively. The cumulative change was a gain of $301 million as of June 30, 2020.

(5) Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

	QxH	QVC Int'l	Zulily	Corporate and Other	Total
	amounts in millions				
Balance at January 1, 2020	$ 5,228	859	477	12	6,576
Foreign currency translation adjustments	—	(2)	—	—	(2)
Balance at June 30, 2020	$ 5,228	857	477	12	6,574

Intangible Assets Subject to Amortization

Amortization expense for intangible assets with finite useful lives was $94 million for each of the three months ended June 30, 2020 and 2019, and $185 million and $194 million for the six months ended June 30, 2020 and 2019, respectively. Based on its amortizable intangible assets as of June 30, 2020, Qurate Retail expects that amortization expense will be as follows for the next five years (amounts in millions):

Remainder of 2020	$ 187
2021	$ 244
2022	$ 142
2023	$ 80
2024	$ 74

(6) Long-Term Debt

Debt is summarized as follows:

	Outstanding principal at June 30, 2020	Carrying value June 30, 2020	Carrying value December 31, 2019
		amounts in millions	
Corporate level debentures			
8.5% Senior Debentures due 2029	$ 287	285	285
8.25% Senior Debentures due 2030	504	502	502
4% Exchangeable Senior Debentures due 2029	431	312	327
3.75% Exchangeable Senior Debentures due 2030	433	313	318
3.5% Exchangeable Senior Debentures due 2031	221	322	422
0.75% Exchangeable Senior Debentures due 2043	—	—	2
1.75% Exchangeable Senior Debentures due 2046	332	505	488
Subsidiary level notes and facilities			
QVC 5.125% Senior Secured Notes due 2022	500	500	500
QVC 4.375% Senior Secured Notes due 2023	750	750	750
QVC 4.85% Senior Secured Notes due 2024	600	600	600
QVC 4.45% Senior Secured Notes due 2025	600	599	599
QVC 4.75% Senior Secured Notes due 2027	575	575	—
QVC 5.45% Senior Secured Notes due 2034	400	399	399
QVC 5.95% Senior Secured Notes due 2043	300	300	300
QVC 6.375% Senior Secured Notes due 2067	225	225	225
QVC 6.25% Senior Secured Notes due 2068	500	500	500
QVC Bank Credit Facilities	—	—	1,235
Deferred loan costs	—	(46)	(40)
Total consolidated Qurate Retail debt	$ 6,658	6,641	7,412
Less current classification		(1,452)	(1,557)
Total long-term debt		$ 5,189	5,855

QVC Bank Credit Facilities

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

The payment and performance of the Borrowers' obligations (including Zulily's obligations) under the Fourth Amended and Restated Credit Agreement are guaranteed by each of QVC's Material Domestic Subsidiaries (as defined in the Fourth Amended and Restated Credit Agreement). Further, the borrowings under the Fourth Amended and Restated Credit Agreement are secured, *pari passu* with QVC's existing notes, by a pledge of all of QVC's equity interests. In addition, the payment and performance of the Borrowers' obligations with respect to the $400 million tranche available to both QVC and Zulily are also guaranteed by each of Zulily's Material Domestic Subsidiaries (as defined in the Fourth Amended and Restated Credit Agreement), if any, and are 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 June 30, 2020 was $2.9 billion, including the remaining portion of the $400 million tranche available to Zulily and outstanding letters of credit.

4.75% Senior Secured Notes due 2027

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

Exchangeable Senior Debentures

The Company has elected to account for its exchangeable senior debentures using the fair value option. Accordingly, changes in the fair value of these instruments are recognized as unrealized gains (losses) in the statements of operations. See note 4 for information related to unrealized gains (losses) on debt measured at fair value. As of June 30, 2020 the Company's exchangeable debentures have been classified as current because the Company does not own shares to redeem the debentures or they are currently redeemable. The Company reviews the terms of the debentures on a quarterly basis to determine whether a triggering event has occurred to require current classification of the exchangeables upon a call event.

On April 1, 2020, T-Mobile US, Inc. completed its acquisition of Sprint Corporation ("TMUS/S Acquisition") for 0.10256 shares of T-Mobile US, Inc. 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 and the 3.75% Senior Exchangeable Debentures due 2030 consist of 0.3309 shares and 0.2419 shares of common stock of T-Mobile US, Inc., respectively, and 0.7860 shares and 0.5746 shares of common stock of CenturyLink Inc., respectively.

Debt Covenants

Qurate Retail and its subsidiaries are in compliance with all debt covenants at June 30, 2020.

Fair Value of Debt

Qurate Retail estimates the fair value of its debt based on the quoted market prices for the same or similar issues or on the current rate offered to Qurate Retail for debt of the same remaining maturities (Level 2). The QVC 6.375% Senior Secured Notes due 2067 ("2067 Notes") and the QVC 6.25% Senior Secured Notes Due 2068 ("2068 Notes") are traded on the New York Stock Exchange, and the Company considers them to be actively traded. As such, the 2067 Notes and 2068 Notes are valued based on their trading price (Level 1). The fair value of Qurate Retail's publicly traded debt securities that are not reported at fair value in the accompanying condensed consolidated balance sheet at June 30, 2020 are as follows (amounts in millions):

Senior debentures	$	782
QVC senior secured notes	$	4,250

Due to the variable rate nature, Qurate Retail believes that the carrying amount of its other debt, not discussed above, approximated fair value at June 30, 2020.

(7) Commitments and Contingencies

Litigation

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

(8) Information About Qurate Retail's Operating Segments

Qurate Retail, through its ownership interests in subsidiaries and other companies, is primarily engaged in the video and online commerce industries. Qurate Retail identifies its reportable segments as (A) those operating segments that represent 10% or more of its consolidated annual revenue, annual Adjusted OIBDA (as defined below) or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of Qurate Retail's annual pre-tax earnings.

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

For the six months ended June 30, 2020, Qurate Retail has identified the following operating segments as its reportable segments:

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

Qurate Retail's operating segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technologies, distribution channels and marketing strategies. The accounting policies of the segments are the same as those described in the Company's Summary of Significant Accounting Policies in the Annual Report on Form 10-K for the year ended December 31, 2019.

Performance Measures

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

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

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

	Three months ended June 30, 2019				
	QxH	QVC Int'l	Zulily	Corp and other	Total
			in millions		
Home	$ 657	231	92	197	1,177
Apparel	344	108	141	37	630
Beauty	320	158	12	—	490
Accessories	247	65	97	—	409
Electronics	173	22	3	—	198
Jewelry	92	50	12	—	154
Other revenue	41	6	6	—	53
Total Revenue	$ 1,874	640	363	234	3,111

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

	Six months ended June 30, 2019				
	QxH	QVC Int'l	Zulily	Corp and other	Total
			in millions		
Home	$ 1,339	478	203	343	2,363
Apparel	671	220	281	78	1,250
Beauty	612	301	25	—	938
Accessories	468	127	205	—	800
Electronics	355	47	7	—	409
Jewelry	205	102	25	—	332
Other revenue	81	9	14	—	104
Total Revenue	$ 3,731	1,284	760	421	6,196

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 acquisition accounting adjustments, separately reported litigation settlements, transaction related costs (including restructuring, integration, and advisory fees), and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flows provided by operating activities and other measures of financial performance prepared in accordance with GAAP. Qurate Retail generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current prices.

Adjusted OIBDA is summarized as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	amounts in millions			
QxH	$ 388	395	681	747
QVC International	119	106	216	207
Zulily	45	7	47	24
Corporate and other	13	5	5	(5)
Consolidated Qurate Retail	$ 565	513	949	973

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

Other Information

	June 30, 2020		
	Total assets	Investments in affiliates	Capital expenditures
	amounts in millions		
QxH	$ 12,265	38	82
QVC International	2,235	—	10
Zulily	1,081	—	11
Corporate and other	1,116	77	5
Consolidated Qurate Retail	$ 16,697	115	108

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	amounts in millions			
Adjusted OIBDA	$ 565	513	949	973
Stock-based compensation	(16)	(18)	(27)	(37)
Depreciation and amortization	(144)	(158)	(286)	(311)
Transaction related costs	—	(1)	—	(1)
Operating income (loss)	$ 405	336	636	624
Interest expense	(95)	(93)	(192)	(189)
Share of earnings (loss) of affiliates, net	(28)	(23)	(64)	(68)
Realized and unrealized gains (losses) on financial instruments, net	23	(113)	(115)	(194)
Other, net	(12)	(7)	1	(15)
Earnings (loss) before income taxes	$ 293	100	266	158

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

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business strategies; COVID-19 (as defined below); revenue growth at QVC, Inc. ("QVC"); remediation of a material weakness; our projected sources and uses of cash; the intended distribution of a special dividend consisting of cash and preferred stock; the expected exercise of an option to sell an investment in an alternative energy company; the recoverability of our goodwill and other intangible assets; and fluctuations in interest rates and foreign currency exchange rates. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- the impact of the novel coronavirus ("COVID-19") pandemic and local, state and federal governmental responses to the pandemic on the economy, our customers, our vendors and our businesses generally;
- customer demand for our products and services and our ability to anticipate customer demand and to adapt to changes in demand;
- competitor responses to our products and services;
- increased digital TV penetration and the impact on channel positioning of our programs;
- the levels of online traffic to our businesses' websites and our ability to convert visitors into customers or contributors;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our future financial performance, including availability, terms and deployment of capital;
- our ability to successfully integrate and recognize anticipated efficiencies and benefits from the businesses we acquire;
- the cost and ability of shipping companies, suppliers and vendors to deliver products, equipment, software and services;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners, distributors, suppliers and vendors;
- domestic and international economic and business conditions and industry trends, including the impact of Brexit (as defined below);
- consumer spending levels, including the availability and amount of individual consumer debt and customer credit losses;
- advertising spending levels;
- changes in distribution and viewing of television programming, including the expanded deployment of video on demand technologies and Internet protocol television and their impact on home shopping programming;
- rapid technological changes;
- failure to protect the security of personal information, subjecting us to potentially costly government enforcement actions and/or private litigation and reputational damage;
- the regulatory and competitive environment of the industries in which we operate;
- natural disasters, public health crises (including COVID-19), political crises, and other catastrophic events or other events outside of our control;
- threatened terrorist attacks, political and economic unrest in international markets and ongoing military action around the world; and

- fluctuations in foreign currency exchange rates.

For additional risk factors, please see Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2019, as well as Part II, Item 1A. Risk Factors of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly Report on Form 10-Q, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto and our Annual Report on Form 10-K for the year ended December 31, 2019.

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

Overview

We own controlling and non-controlling interests in a broad range of video and online commerce companies. Our largest businesses and reportable segments are our operating segment comprised of QVC U.S. and HSN ("QxH") and QVC International. QVC markets and sells a wide variety of consumer products in the United States ("U.S.") and several foreign countries, primarily by means of its televised shopping programs and the Internet through its domestic and international websites and mobile applications. Zulily, LLC ("Zulily"), an online retailer offering customers a fun and entertaining shopping experience with a fresh selection of new product styles launched every day, is a reportable segment.

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

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

In response to these stay at home restrictions, QVC has mandated that non-essential employees work from home, 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. While the temporary increase in wages and salaries has been terminated as of June 30, 2020, 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 and continuing through the second quarter of 2020, QVC observed an increase in new customers and an increase in demand for certain lower margin categories, such as home and electronics, and a decrease in demand for higher margin categories, such as apparel. QVC has continued to offer its installment payment option.

As a result, for the three and six months ended June 30, 2020, management has increased certain estimated reserves including, but not limited to, uncollectible receivables in anticipation of higher defaults by customers billed through QVC's installment payment option, and inventory obsolescence due to decreased demand for certain categories, such as apparel.

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, reduced capital expenditures and increased the uncollectible receivable balance 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 its capital and liquidity, for the remainder of 2020 and beyond. These include governmental restrictions on the Company's ability to continue to operate under stay at home restrictions, 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.

In July 2020, QVC implemented a planned workforce reduction with the goal of making the organizational structure more streamlined and efficient. As part of the workforce reduction, QVC has decided to eliminate live hours on QVC 2 in the U.S. and other secondary channels within the various markets.

Results of Operations—Consolidated

General. We provide in the tables below information regarding our consolidated Operating Results and Other Income and Expense, as well as information regarding the contribution to those items from our principal reporting segments. The "Corporate and other" category consists of those assets or businesses which we do not disclose separately. For a more detailed discussion and analysis of the financial results of the principal reporting segments, see "Results of Operations—Businesses" below.

Operating Results

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	amounts in millions			
Revenue				
QxH	$ 2,010	1,874	3,802	3,731
QVC International	713	640	1,348	1,284
Zulily	422	363	738	760
Corporate and other	277	234	454	421
Consolidated Qurate Retail	$ 3,422	3,111	6,342	6,196
Operating Income (Loss)				
QxH	$ 280	292	470	539
QVC International	101	73	181	152
Zulily	20	(23)	—	(36)
Corporate and other	4	(6)	(15)	(31)
Consolidated Qurate Retail	$ 405	336	636	624
Adjusted OIBDA				
QxH	$ 388	395	681	747
QVC International	119	106	216	207
Zulily	45	7	47	24
Corporate and other	13	5	5	(5)
Consolidated Qurate Retail	$ 565	513	949	973

Revenue. Consolidated Qurate Retail revenue increased 10.0% or $311 million and 2.4% or $146 million for the three and six months ended June 30, 2020, respectively, as compared to the corresponding periods in the prior year. The increase in the three and six months ended June 30, 2020 was due to increased revenue at QxH of $136 million and $71 million for the three and six months ended June 30, 2020, respectively, increased revenue at QVC International of $73 million and $64 million for the three and six month periods ended June 30, 2020, respectively, increased revenue at Zulily of $59 million for the three months ended June 30, 2020, and increased revenue in the Corporate and other segment of $43 million and $33 million for the three and six months ended June 30, 2020, respectively, partially offset by a decrease in Zulily revenue of $22 million for the six months ended June 30, 2020. The increase in Corporate and other revenue was due to an increase in revenue at Cornerstone due to strength in the home category partially offset by softness in the apparel category. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of QVC and Zulily.

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

We recorded $16 million and $18 million of stock-based compensation for the three months ended June 30, 2020 and 2019, respectively, and $27 million and $37 million of stock-based compensation for the six months ended June 30, 2020 and 2019, respectively. The decrease of $2 million for the three months ended June 30, 2020 was primarily due to decreases at QxH and at the corporate level. The decrease of $10 million for the six months ended June 30, 2020 was primarily due to a decrease of $4 million at QVC, a decrease of $1 million at Zulily, and a decrease of $5 million at the corporate level. As of June 30, 2020, the total unrecognized compensation cost related to unvested Qurate Retail equity awards was approximately $39 million. Such amount will be recognized in our condensed consolidated statements of operations over a weighted average period of approximately 2.2 years.

Operating income. Our consolidated operating income increased $69 million and $12 million for the three and six months ended June 30, 2020, respectively, as compared to the corresponding periods in the prior year. The increase in operating results for the three and six months ended June 30, 2020 was primarily due to an increase in operating income at QVC International of $28 million and $29 million for the three and six months ended June 30, 2020, respectively, a decrease in operating losses at Zulily of $43 million and $36 million for the three and six months ended June 30, 2020, respectively, and a decrease in operating losses at the Corporate and other segment of $10 million and $16 million for the three and six months ended June 30, 2020, respectively, partially offset by a decrease in operating income at QxH of $12 million and $69 million for the three and six months ended June 30, 2020, respectively, compared to the corresponding periods in the prior year. Operating loss in the Corporate and other segment improved for the three months ended June 30, 2020, as compared to the corresponding period in the prior year, primarily related to an increase in operating income at Cornerstone due to higher revenue and gross margin expansion in the home category. Operating loss in the Corporate and other segment improved for the six months ended June 30, 2020, compared to the same period in the prior year, primarily related to a decrease in operating losses at the corporate level and increased operating income at Cornerstone due to higher revenue and gross margin expansion in the home category. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of QVC and Zulily.

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	amounts in millions			
Operating income (loss)	$ 405	336	636	624
Depreciation and amortization	144	158	286	311
Stock-based compensation	16	18	27	37
Transaction related costs	—	1	—	1
Adjusted OIBDA	$ 565	513	949	973

Consolidated Adjusted OIBDA increased 10.1% or $52 million and decreased 2.5% or $24 million for the three and six months ended June 30, 2020, respectively, as compared to the corresponding periods in the prior year. The increase in Adjusted OIBDA for the three months ended June 30, 2020, compared to the same period in the prior year, was primarily due to an increase at Zulily of $38 million, an increase at QVC International of $13 million, and an increase at Corporate and other of $8 million, partially offset by a decrease at QxH of $7 million. The decrease for the six months ended June 30, 2020, compared to the same period in the prior year, was primarily due to a decrease at QxH of $66 million, partially offset by an increase at Zulily of $23 million, an increase at Corporate and other of $10 million, and an increase at QVC International of $9 million. The change in the Corporate and other segment for the three months ended June 30, 2020 was primarily due to an increase in Cornerstone Adjusted OIBDA due to higher revenue and gross margin expansion in the home category, partially offset by softness in the apparel category. The change in the Corporate and other segment for the six months ended June 30, 2020 was primarily due to a decrease in Adjusted OIBDA losses at the corporate level, and an increase in Cornerstone Adjusted OIBDA due to higher revenue and gross margin expansion. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of QVC and Zulily.

Other Income and Expense

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	amounts in millions			
Interest expense	$ (95)	(93)	(192)	(189)
Share of earnings (losses) of affiliates	(28)	(23)	(64)	(68)
Realized and unrealized gains (losses) on financial instruments, net	23	(113)	(115)	(194)
Other, net	(12)	(7)	1	(15)
Other income (expense)	$ (112)	(236)	(370)	(466)

Interest expense. Interest expense remained relatively flat for the three and six months ended June 30, 2020, as compared to the corresponding periods in the prior year.

Share of earnings (losses) of affiliates. Share of losses of affiliates increased $5 million and decreased $4 million for the three and six months ended June 30, 2020, respectively, as compared to the corresponding periods in the prior year. The losses increased during the three months ended June 30, 2020 due to the acquisition of an additional alternative energy solution entity at the end of the second quarter of 2019. The losses decreased during the six months ended June 30, 2020 due to improved results at the Company's alternative energy solution entities. These entities typically operate at a loss and the Company records its share of such losses but have favorable tax attributes and credits, which are recorded in the Company's tax accounts.

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	amounts in millions			
Equity securities	$ —	(3)	(4)	2
Exchangeable senior debentures	(30)	(139)	(80)	(255)
Indemnification asset	35	23	13	55
Other financial instruments	18	6	(44)	4
	$ 23	(113)	(115)	(194)

The changes in realized and unrealized gains (losses) on financial instruments, net are due to market activity in the applicable period related to the financial instruments that are marked to market on a periodic basis. The increase in realized and unrealized gains for the three months ended June 30, 2020, compared to the corresponding period in the prior year, was primarily driven by a decrease in unrealized losses on the exchangeable senior debentures and an increase in unrealized gains on the indemnification asset and derivative instruments (described in note 4 of the accompanying condensed consolidated financial statements). The decrease in realized and unrealized losses for the six months ended June 30, 2020, compared to the corresponding period in the prior year, was driven by a decrease in unrealized losses on the exchangeable senior debentures, partially offset by a decrease in unrealized gains on the indemnification asset and an increase in unrealized losses on derivative instruments.

Other, net. Other, net declined $5 million and improved $16 million for the three and six months ended June 30, 2020, respectively, compared to the corresponding periods in the prior year. The activity captured in other, net is primarily attributable to the impact of the tax sharing arrangement with GCI Liberty, extinguishment of debt in the current year, and foreign exchange gains in the current year and losses in the prior year.

Income taxes. We had income tax expense of $59 million and tax benefit of $30 million for the three months ended June 30, 2020 and 2019, respectively, and tax expense of $41 million and tax benefit of $38 million for the six months ended June 30, 2020 and 2019, respectively. Income tax expense was lower than the U.S. statutory tax rate of 21% during the three months ended June 30, 2020 due to tax benefits from tax credits generated by our alternative energy investments, partially offset by an increase in the valuation allowance against certain deferred tax assets, and foreign and state taxes. Income tax benefit during the three months ended June 30, 2019 was due primarily to tax benefits from tax credits generated by our alternative energy investments and tax benefits from losses generated in 2019 and eligible for carryback to tax years with federal income tax rates greater than the U.S. statutory tax rate of 21%. Income tax expense was lower than the U.S. statutory tax rate of 21% during the six months ended June 30, 2020 due to tax benefits from tax credits generated by our alternative energy investments, partially offset by an increase in the valuation allowance against certain deferred tax assets and foreign taxes. Income tax benefit during the six months ended June 30, 2019 was due primarily to tax benefits from tax credits generated by our alternative energy investments and tax benefits from losses generated in 2019 and eligible for carryback to tax years with federal income tax rates greater than the U.S. statutory tax rate of 21%.

Net earnings. We had net earnings of $234 million and $130 million for the three months ended June 30, 2020 and 2019, respectively, and net earnings of $225 million and $196 million for the six months ended June 30, 2020 and 2019, respectively. The change in net earnings (loss) was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Material Changes in Financial Condition

As of June 30, 2020, substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, securities of other government agencies, AAA rated money market funds and other highly rated financial and corporate debt instruments.

The following are potential sources of liquidity: available cash balances, availability under QVC's Senior Secured Credit Facility, (the "Fourth Amended and Restated Credit Facility"), as discussed in note 6 of the accompanying condensed consolidated financial statements, debt issuances, equity issuances, interest receipts, proceeds from asset sales, and cash generated by the operating activities of our wholly-owned subsidiaries. Cash generated by the operating activities of our subsidiaries is only a source of liquidity to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted such as, in the case of QVC and Zulily, due to a requirement that a leverage ratio (calculated in accordance with the terms of such indebtedness) of less than 3.5 must be maintained.

During the six months ended June 30, 2020 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.

As of June 30, 2020, Qurate Retail's liquidity position included the following:

	Cash and cash equivalents
	amounts in millions
QVC	$ 795
Zulily	3
Corporate and other	150
Total Qurate Retail	$ 948

	Borrowing capacity
	amount in billions
Fourth Amended and Restated Credit Facility	$ 2.9

To the extent that the Company recognizes any taxable gains from the sale of assets we may incur tax expense and be required to make tax payments, thereby reducing any cash proceeds. As of June 30, 2020, the Company had approximately $299 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 United States. QVC accrues foreign taxes on the unremitted earnings of its international subsidiaries. Approximately 62% of QVC's foreign cash balance was that of QVC-Japan. QVC owns 60% of QVC-Japan (as defined below) and shares all profits and losses with the 40% minority interest holder, Mitsui & Co., LTD ("Mitsui").

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

		Six months ended June 30,	
		2020	2019
		amounts in millions	
Cash Flow Information			
Net cash provided (used) by operating activities	$	1,198	593
Net cash provided (used) by investing activities	$	(166)	(367)
Net cash provided (used) by financing activities	$	(754)	(360)

During the six months ended June 30, 2020, Qurate Retail's primary uses of cash were net debt repayments of $724 million, capital expenditures of $108 million and investments in and loans to equity method investments of $55 million.

The projected uses of Qurate Retail cash for the remainder of 2020 are the continued capital improvement spending of approximately $150 million, debt service payments (including approximately $175 million for interest payments on outstanding debt), the potential buyback of common stock under the approved share buyback program and additional investments in existing or new businesses. We also may be required to make net payments of income tax liabilities to settle items under discussion with tax authorities. We expect that cash on hand and cash provided by operating activities and borrowing capacity in future periods will be sufficient to fund projected uses of cash.

The Company entered into an option agreement to sell an investment in an alternative energy company accounted for as an equity method investment. On July 17, 2020, the Company received notice that the other party expects to exercise its option, and the Company expects to receive pre-tax proceeds of approximately $262 million in August 2020.

On August 10, 2020, Qurate Retail announced its Board of Directors intends to distribute a special dividend consisting of (i) cash in the amount of $1.50 per common share for an aggregate cash dividend of approximately $633 million and (ii) newly issued 8.0% fixed rate cumulative redeemable preferred shares (the “Preferred Shares”) equivalent to $3.00 in initial liquidation value per common share, for an aggregate issuance of approximately $1.3 billion aggregate liquidation preference. The dividend has not yet been declared and is subject to formal approval by a committee of the board, but is currently expected to be payable on September 14th to holders of record of Qurate Retail’s Series A and Series B common stock as of the close of business on August 31 st. Holders of the Preferred Shares are expected to receive quarterly cash dividends at a fixed rate of 8.0% per year. The Preferred Shares are expected to be non-voting, subject to a mandatory redemption right in the first quarter of 2031.

Results of Operations—Businesses

QVC. QVC is a retailer of a wide range of consumer products, which are marketed and sold primarily by merchandise-focused televised shopping programs, the Internet and mobile applications. In the U.S., QVC’s televised shopping programs, including live and recorded content, are distributed across multiple channels nationally on a full-time basis, including QVC, QVC 2, QVC 3, HSN and HSN2. During the first quarter of 2019, QVC transitioned its televised Beauty iQ channel to QVC 3 and Beauty iQ content was moved to a digital only platform. QVC U.S. programming is also available on QVC.com and HSN.com, QVC’s U.S. websites; 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 televised programming, along with a wide assortment of products that are available only on QVC.com and HSN.com. QVC.com and HSN.com and QVC’s other digital platforms (including mobile applications, social pages, and others) are natural extensions of its business model, allowing customers to engage in its shopping experience wherever they are, with live or on-demand content customized to the device they are using. In addition to offering video content, QVC.com and HSN.com allow shoppers to browse, research, compare and perform targeted searches for products, read customer reviews, control the order-entry process and conveniently access their account.

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

QVC's Japanese operations (“QVC-Japan”) are conducted through a joint venture with Mitsui. QVC-Japan is owned 60% by QVC and 40% by Mitsui. QVC and Mitsui share in all profits and losses based on their respective ownership interests. During the six months ended June 30, 2020 and 2019, QVC-Japan paid dividends to Mitsui of $30 million and $28 million, respectively.

In response to stay at home restrictions as a result of COVID-19, 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. The total increase in wages and salaries of approximately $8 million is primarily recorded in cost of goods sold. QVC has also paid a one-time work from home allowance to its employees totaling $4 million, which is primarily recorded in selling, general and administrative expenses. While the temporary increase in wages and salaries has been terminated as of June 30, 2020, 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 and continuing through the second quarter of 2020, QVC observed an increase in new customers and an increase in demand for certain lower margin categories, such as home and electronics, and a decrease in demand for higher margin categories, such as apparel. QVC has continued to offer its installment payment option.

As a result, for the three and six months ended June 30, 2020, management has increased certain estimated reserves including, but not limited to, uncollectible receivables in anticipation of higher defaults by customers billed through QVC’s installment payment option, and inventory obsolescence due to decreased demand for certain categories, such as apparel.

In July 2020, QVC implemented a planned workforce reduction with the goal of making the organizational structure more streamlined and efficient. As part of the workforce reduction, QVC has decided to eliminate live hours on QVC 2 in the U.S. and other secondary channels within the various markets. As a result, QVC recorded $16 million of severance expense during the three months ended June 30, 2020, which is recorded in selling, general and administrative expense.

QVC's operating results were as follows:

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
	amounts in millions			
Net revenue	$ 2,723	2,514	5,150	5,015
Cost of sales	(1,735)	(1,578)	(3,319)	(3,188)
Operating expenses	(187)	(179)	(364)	(356)
SG&A expenses (excluding stock-based compensation and transaction related costs)	(294)	(256)	(570)	(517)
Adjusted OIBDA	507	501	897	954
Stock-based compensation	(10)	(11)	(16)	(20)
Depreciation and amortization	(116)	(124)	(230)	(242)
Transaction related costs	—	(1)	—	(1)
Operating income	$ 381	365	651	691

Net revenue was generated in the following geographical areas:

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
	amounts in millions			
QxH	$ 2,010	1,874	3,802	3,731
QVC International	713	640	1,348	1,284
Consolidated QVC	$ 2,723	2,514	5,150	5,015

QVC's consolidated net revenue increased 8.3% and 2.7% for the three and six months ended June 30, 2020, respectively, as compared to the corresponding periods in the prior year. The increase in net revenue for the three month period was primarily due to a 6.4% increase in units shipped, a $25 million decrease in estimated product returns, primarily driven by QxH and a slight increase in average selling price per unit ("ASP"), which was partially offset by $6 million in unfavorable foreign exchange rates across all markets. The six month increase in net revenue is primarily due to a 1.7% increase in units shipped, a $59 million decrease in estimated product returns, primarily driven by QxH, which was partially offset by a slight decrease in ASP and $13 million in unfavorable foreign exchange rates across all markets.

During the six months ended June 30, 2020 and 2019, the changes in revenue and expenses were affected by changes in the exchange rates for the U.K. Pound Sterling, the Euro and the Japanese Yen. In the event the U.S. Dollar strengthens against these foreign currencies in the future, QVC's revenue and operating cash flow will be negatively affected.

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

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

	Three months ended June 30, 2020			Six months ended June 30, 2020		
	U.S. Dollars	Foreign Currency Exchange Impact	Constant Currency	U.S. Dollars	Foreign Currency Exchange Impact	Constant currency
QxH	7.3 %	— %	7.3 %	1.9 %	— %	1.9 %
QVC International	11.4 %	(1.0)%	12.4 %	5.0 %	(1.0)%	6.0 %

The increase in QxH net revenue for the three months ended June 30, 2020 was primarily due to a 4.5% increase in units shipped, a slight increase in ASP and a $29 million decrease in estimated product returns. For the six months ended June 30, 2020, QxH net revenue increased due to a 0.9% increase in units shipped and a $59 million decrease in estimated product returns partially offset by a slight decline in ASP. The decrease in estimated product returns for both comparable periods was primarily driven by a shift in product mix, to lower return rate categories, partially offset by an increase in sales volume. For both the three and six months ended June 30, 2020, QxH experienced shipped sales growth in home, electronics and beauty with declines in all other categories.

QVC International net revenue growth in constant currency for the three months ended June 30, 2020 was primarily due to an 11% increase in units shipped, driven by increases in units shipped across all markets, while ASP remained flat. QVC-International net revenue growth in constant currency for the six months ended June 30, 2020 was primarily due to a 3.7% increase in units shipped, driven by increases in units shipped across all markets, and a 1.5% increase in ASP, driven by increases in ASP in Germany and the U.K., partially offset by ASP declines in Japan and Italy. For both the three and six months ended June 30, 2020, QVC-International experienced shipped sales growth in constant currency in home, beauty and electronics with declines in all other categories.

QVC's future net revenue growth will primarily depend on sales growth from e-commerce, mobile platforms, and applications via streaming video, additions of new customers from households already receiving QVC's televised programming and increased spending from existing customers. QVC's future net revenue may also be affected by (i) the willingness of cable television and direct-to-home satellite system operators to continue carrying QVC's programming service; (ii) QVC's ability to maintain favorable channel positioning, which may become more difficult due to governmental action or from distributors converting analog customers to digital; (iii) changes in television viewing habits because of video-on-demand technologies and Internet video services; (iv) QVC’s ability to source new and compelling products; and (v) general economic conditions.

The current economic uncertainty due to COVID-19 in various regions of the world in which QVC’s subsidiaries and affiliates operate could adversely affect demand for its products and services since a substantial portion of its revenue is derived from discretionary spending by individuals, which typically declines 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 U.S. or other key markets, including Japan and Europe, continues to be uncertain, QVC’s customers may respond by suspending, delaying or reducing their discretionary spending. A suspension, delay or reduction in discretionary spending could adversely affect revenue. Accordingly, QVC’s ability to increase or maintain revenue and earnings could be adversely affected to the extent that relevant economic environments decline.

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

QVC's cost of sales as a percentage of net revenue was 63.7% and 64.4% for the three and six months ended June 30, 2020, respectively, compared to 62.8% and 63.6% for the three and six months ended June 30, 2019, respectively. The increase in cost of goods sold as a percentage of revenue for both comparable periods is primarily due to a shift in product mix to the lower margin categories of home and electronics across all markets, and to a lesser extent, higher freight costs at QxH.

QVC's operating expenses are principally comprised of commissions, order processing and customer service expenses, credit card processing fees and telecommunications expenses. Operating expenses increased $8 million for both the three and six months ended June 30, 2020, as compared to the three and six months ended June 30, 2019. The increase for both comparable periods was primarily due to an increase in credit card fees at QxH as a result of increased sales during the periods and lower sales penetration of QVC's private label credit cards, which do not charge credit card fees.

QVC's SG&A expenses (excluding stock-based compensation and transaction related costs) include personnel, information technology, provision for doubtful accounts, production costs, and marketing and advertising expenses. Such expenses increased $38 million and increased $53 million for three and six months ended June 30, 2020, respectively, as compared to the same periods in the prior year, and as a percentage of net revenue, increased from 10.2% to 10.8% and 10.3% to 11.1% for the three and six months ended June 30, 2020, respectively, as compared to the three and six months ended June 30, 2019, respectively. For the three months ended June 30, 2020, the increase was primarily due to a $27 million increase in personnel costs across all markets except Italy, a $14 million increase in marketing primarily at QxH, and a $4 million increase in estimated credit losses across all markets except Japan. The increases were partially offset by a $3 million decrease due to less travel expenses as a result of COVID-19 and a $2 million decrease in outside services primarily at QxH.

For the six months ended June 30, 2020, the increase was primarily due to a $29 million increase in personnel costs across all markets, an $18 million increase in marketing primarily at QxH and a $12 million increase in estimated credit losses across all markets except Japan. The increases were partially offset by a $5 million decrease due to less travel expenses as a result of COVID-19 across all markets. The increase related to personnel costs for both comparable periods was primarily related to increased severance, an increase to QVC's estimated incentive pay and a work from home allowance as a result of COVID-19, which was partially offset by the closure of QVC's operations in France in 2019. The increases related to estimated credit losses for both comparable periods were primarily due to a higher number of new customers and a shift in product mix into home and electronics, which have greater historical loss rates. In addition, there was an increase to QVC's historical loss percentage as a result of additional risks due to COVID-19.

Stock-based compensation includes compensation related to options and restricted stock units granted to certain officers and employees. QVC recorded $10 million and $11 million of stock-based compensation expense for the three months ended June 30, 2020 and June 30, 2019, respectively, and $16 million and $20 million for the six months ended June 30, 2020 and June 30, 2019, respectively. The decrease in stock compensation expense for the six months ended June 30, 2020 is primarily related to certain officers not reaching performance targets for restricted stock units.

Depreciation and amortization decreased $8 million and $12 million for the three and six months ended June 30, 2020 and June 30, 2019, respectively, and included $16 million and $33 million of acquisition related amortization for the three and six months ended June 30, 2020, respectively, and $17 million and $34 million of acquisition related amortization for the three and six months ended June 30, 2019, respectively. The decrease was primarily a result of the disposition of assets in France in the second quarter of 2019.

Zulily. Zulily is an online retailer offering customers a fun and entertaining shopping experience with a fresh selection of new product styles launched each day. The Zulily website was launched in January 2010 with the goal of revolutionizing the way consumers shop. Through its app, mobile and desktop experiences, Zulily helps its customers discover new and unique products at great values that they would likely not find elsewhere. Zulily's merchandise includes women's, children's and men's apparel and other products such as home, accessories and beauty products.

Zulily's stand-alone operating results for the three and six months ended June 30, 2020 and 2019 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	amounts in millions			
Net revenue	$ 422	363	738	760
Costs of sales	(308)	(270)	(548)	(565)
Operating expenses	(11)	(10)	(20)	(21)
SG&A expenses (excluding stock-based compensation)	(58)	(76)	(123)	(150)
Adjusted OIBDA	45	7	47	24
Stock-based compensation	(5)	(4)	(7)	(8)
Depreciation and amortization	(20)	(26)	(40)	(52)
Operating income (loss)	$ 20	(23)	—	(36)

Zulily's consolidated net revenue increased 16.3% and decreased 2.9% for the three and six months ended June 30, 2020, respectively, as compared to the corresponding periods in the prior year. The increase in net revenue for the three months ended June 30, 2020 was primarily related to an increase of 9.6% in total units shipped and 5.9% in average sale price 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 six months ended June 30, 2020 was primarily attributed to lower total units shipped for the three months ended March 31, 2020 driven by a decrease in new customers and lower purchasing frequency from existing customers compared to the corresponding periods in the prior year, partially offset by increased demand in the three months ended June 30, 2020.

Zulily's cost of sales as a percentage of net revenue was 73.0% and 74.4% for the three months ended June 30, 2020 and 2019, respectively, and 74.3% and 74.3% for the six months ended June 30, 2020 and 2019, respectively. For the three months ended June 30, 2020, the decrease was primarily due to an increase of 5.9% in average sale price.

Operating expenses are principally comprised of credit card processing fees and customer service expenses. For the three months ended June 30, 2020, operating expenses increased compared to the corresponding period in the prior year, driven by increased sales volumes. For the six months ended June 30, 2020, operating expenses decreased compared to the corresponding period in the prior year due to lower sales volumes.

Zulily's SG&A expenses (excluding stock-based compensation) include personnel related costs for general corporate functions, marketing and advertising expenses, information technology, and the costs associated with the use by these functions of facilities and equipment, including rent. For the three months ended June 30, 2020, as a percentage of net revenue, these expenses decreased from 20.9% to 13.7%, and for the six months ended June 30, 2020, as a percentage of net revenue, these expenses decreased from 19.7% to 16.7%. The decrease is primarily attributable to lower marketing spending and more leverage attributable to the increase in sales. Additionally, Zulily recognized a $10 million reduction in a sales tax accrual during the three and six months ended June 30, 2020, which was originally recorded at the acquisition date.

Zulily's total depreciation and amortization expense decreased for the three and six months ended June 30, 2020, as compared to the corresponding periods in the prior year. The decline is due to the amortization of Zulily's customer relationship asset being front-loaded in the earlier years of its useful life.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

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

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We have achieved this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when we deem appropriate. As of June 30, 2020, our debt is comprised of the following amounts:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted average interest rate	Principal amount	Weighted average interest rate
	dollar amounts in millions			
QxH and QVC International	$ —	— %	$ 4,450	5.1 %
Corporate and other	$ —	— %	$ 2,208	5.1 %

Qurate Retail is exposed to foreign exchange rate fluctuations related primarily to the monetary assets and liabilities and the financial results of QVC's foreign subsidiaries. Assets and liabilities of foreign subsidiaries for which the functional currency is the local currency are translated into U.S. Dollars at period-end exchange rates, and the statements of operations are generally translated at the average exchange rate for the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. Dollars that result in unrealized gains or losses are referred to as translation adjustments. Cumulative translation adjustments are recorded in accumulated other comprehensive earnings (loss) as a separate component of stockholders' equity. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses, which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from our operations in foreign countries are translated at the average rate for the period. Accordingly, Qurate Retail may experience economic loss and a negative impact on earnings and equity with respect to our holdings solely as a result of foreign currency exchange rate fluctuations. QVC's reported Adjusted OIBDA for the six months ended June 30, 2020 would have been impacted by approximately $2 million, for every 1% change in foreign currency exchange rates relative to the U.S. Dollar.

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

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended, the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and its principal accounting and financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were not effective as of June 30, 2020 because of the material weakness in our internal control over financial reporting as discussed in more detail in our Annual Report on Form 10-K for the year ended December 31, 2019 (the “2019 Form 10-K”). Management has continued to monitor the implementation of the remediation plan described in the 2019 Form 10-K, as described below.

Changes in Internal Control Over Financial Reporting

During the second quarter of 2020, we continued to assess Information Technology system related risks and implement control improvements to alleviate the noted control deficiencies. Other than these items, there has been no change in the Company's internal control over financial reporting that occurred during the three months ended June 30, 2020 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that most of our employees are working remotely due to the COVID-19 pandemic.

Remediation Plan for Material Weakness in Internal Control Over Financial Reporting

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 include the following:

- Ensure user access is appropriately restricted to the IT systems in Germany that contributed to the material weakness
- Continue to assess the risks in and around IT systems that could impact internal controls over financial reporting
- Enhance design and/or operating effectiveness of control activities to address identified risks

The Company has appropriately restricted access to the affected IT systems in Germany and has implemented annual and ongoing processes to assess and address risk in the IT environment. However, because the reliability of the internal control process requires repeatable execution, the successful on-going remediation of the material weakness will require on-going risk assessments and control improvements to mitigate risks identified. We expect to conclude the effective remediation of the material weakness prior to the end of 2020.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

None.

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

Share Repurchase Programs

In May 2019, the board authorized the repurchase of $500 million of Series A or Series B common stock. There were no repurchases of Series A or Series B common stock during the three months ended June 30, 2020. As of June 30, 2020, $497 million was available to be used for share repurchases of Series A or Series B common stock under the Company's share repurchase program.

During the three months ended June 30, 2020, no shares of Series A common stock were surrendered by our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock and restricted stock units.

Item 6. Exhibits

(a) Exhibits

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

10.1	Qurate Retail, Inc. 2020 Omnibus Incentive Plan (incorporated by reference to Annex A to Qurate Retail, Inc.'s Proxy Statement on Schedule 14A, filed with the SEC on April 14, 2020 (File No. 001-33982).
10.2	Time-Based Restricted Stock Units Agreement between the Registrant and Gregory B. Maffei under the Qurate Retail, Inc. 2016 Omnibus Incentive Plan.*
31.1	Rule 13a-14(a)/15d-14(a) Certification*
31.2	Rule 13a-14(a)/15d-14(a) Certification*
32	Section 1350 Certification**
99.1	Reconciliation of Qurate Retail, Inc. Net Assets and Net Earnings to Liberty Interactive LLC Net Assets and Net Earnings**
101.INS	Inline XBRL Instance Document* - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document*
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document*
101.LAB	Inline XBRL Taxonomy Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Definition Document*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)*

* Filed herewith

** Furnished herewith

SIGNATURES

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

QURATE RETAIL, INC.

Date: August 10, 2020	By:	/s/ MICHAEL A.GEORGE
		Michael A. George
		President and Chief Executive Officer
Date: August 10, 2020	By:	/s/ BRIAN J. WENDLING
		Brian J. Wendling
		Chief Accounting Officer and Principal Financial Officer

Exhibit 10.2

QURATE RETAIL, INC.
2016 OMNIBUS INCENTIVE PLAN

TIME-BASED RESTRICTED STOCK UNITS AGREEMENT

THIS TIME-BASED RESTRICTED STOCK UNITS AGREEMENT (this "Agreement") is entered into effective as of April 14, 2020 by and between QURATE RETAIL, INC., a Delaware corporation (the "Company"), and Gregory B. Maffei (the "Grantee").

The Grantee is employed as of the Grant Date as the President and Chief Executive Officer of Liberty Media Corporation ("LMC") and Executive Chairman of the Company pursuant to the terms of an employment agreement between LMC and the Grantee dated effective as of December 13, 2019 (as amended and/or amended and restated from time to time, the "Employment Agreement") and a Services Agreement between LMC and the Company dated as of September 23, 2011 (as amended and/or amended and restated from time to time, the "Services Agreement"). The Company has adopted the Qurate Retail, Inc. 2016 Omnibus Incentive Plan (as may be amended prior to or after the Grant Date, the "Plan"), a copy of which as in effect on the Grant Date is attached via a link at the end of this online Agreement as Exhibit A and by this reference made a part hereof, for the benefit of eligible employees and independent contractors of the Company and its Subsidiaries. Capitalized terms used and not otherwise defined herein or in the Employment Agreement will have the meaning given thereto in the Plan.

The Company and the Grantee therefore agree as follows:

1. Definitions. All capitalized terms not defined in this Agreement that are defined in the Employment Agreement will have the meanings ascribed to them in the Employment Agreement. The following terms, when used in this Agreement, have the following meanings:

"Cause" has the meaning specified in the Employment Agreement.

"Close of Business" means, on any day, 5:00 p.m., Denver, Colorado time.

"Committee" means the Compensation Committee of the Board of Directors of the Company.

"Common Stock" means the Company's QRTEA Common Stock.

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

"Disability" has the meaning specified in the Employment Agreement.

"Dividend Equivalents" has the meaning specified in the Plan.

"Employment Agreement" has the meaning specified in the recitals to this Agreement.

"Good Reason" has the meaning specified in the Employment Agreement.

"Grant Date" means April 14, 2020.

"Granted RSUs" has the meaning specified in Section 2.

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

"Plan" has the meaning specified in the recitals of this Agreement.

"QRTEA Common Stock" means the Company's Series A Common Stock, $0.01 par value.

"QRTEA Restricted Stock Units" means Restricted Stock Units that represent the right to receive shares of QRTEA Common Stock.

"Required Withholding Amount" has the meaning specified in Section 5.

"Restricted Stock Units" has the meaning specified in the Plan, and refers to the QRTEA Restricted Stock Units granted hereunder.

"Separation" means the date as of which the Grantee is no longer employed by or providing services to the Company or any of its Subsidiaries.

"Services Agreement" has the meaning specified in the recitals to this Agreement.

"Unpaid Dividend Equivalents" has the meaning specified in Section 3(c).

"Vested Dividend Equivalents" has the meaning specified in Section 10.

"Vesting Date" means each date on which any Restricted Stock Units cease to be subject to a risk of forfeiture, as determined in accordance with Section 3 or 7 of this Agreement.

2. Grant of Restricted Stock Units. Subject to the terms and conditions herein and in the Plan, the Company hereby awards to the Grantee as of the Grant Date, an Award of 37,792 QRTEA Restricted Stock Units (collectively, the "Granted RSUs"), each representing the right to receive one share of Common Stock, subject to the conditions and restrictions set forth below in this Agreement and in the Plan. Regarding the last sentence of Section 8.5 of the Plan, the Company acknowledges and agrees that there are no restrictions, terms or conditions that will cause a forfeiture of the Granted RSUs or any Dividend Equivalents with respect thereto that are not set forth in this Agreement.

3. Conditions of Vesting. Unless otherwise determined by the Committee in its sole discretion (provided that such determination is not adverse to the Grantee), the Restricted Stock Units will vest only in accordance with the conditions stated in this Section 3. Upon vesting, Restricted Stock Units and the related Dividend Equivalents shall not be subject to forfeiture other than as provided in Section 9 hereof.

(a) Except as otherwise provided in this Agreement or the Employment Agreement, subject to the Grantee's continued employment with or service to the Company or any Subsidiary on such date, all of the Granted RSUs will become vested on December 10, 2020.

(b) Notwithstanding the foregoing, Granted RSUs that have not theretofore become vested and exercisable will become vested and exercisable, to the extent provided in Section 7 of this Agreement, on the date of the Grantee's Separation.

(c) Any Dividend Equivalents with respect to the Granted RSUs that have not theretofore become Vested Dividend Equivalents ("Unpaid Dividend Equivalents") will become vested and payable to the extent that the Restricted Stock Units related thereto shall have become vested in accordance with this Agreement. Notwithstanding the foregoing, but subject to Section 7, the Grantee will not vest, pursuant to this Section 3, in Granted RSUs or related Unpaid Dividend Equivalents in which the Grantee would otherwise vest as of a given date if the Grantee has not been continuously employed by or providing services to the Company from the Grant Date through such date (the vesting or forfeiture of such Restricted Stock Units and related Unpaid Dividend Equivalents to be governed instead by Section 7).

4. Settlement of Restricted Stock Units. Settlement of Restricted Stock Units (and related Unpaid Dividend Equivalents) that vest in accordance with Section 3 or 7 shall be made as soon as administratively practicable after the Vesting Date, but in no event later than March 15, 2021. Settlement of vested Restricted Stock Units shall be made in payment of shares of Common Stock, together with any related Dividend Equivalents, in accordance with Section 6. Any shares of Common Stock so received shall be fully vested.

5. Mandatory Withholding for Taxes. To the extent that the Company is subject to withholding tax requirements under any national, state, local or other governmental law with respect to the award of the Restricted Stock Units to the Grantee or the vesting or settlement thereof, or the designation of any Dividend Equivalents as payable or distributable or the payment or distribution thereof, the Grantee must make arrangements satisfactory to the Company to make payment to the Company or its designee of the amount required to be withheld under such tax laws, as determined by the Company (collectively, the "Required Withholding Amount"). To the extent such withholding is required, the Company shall withhold (a) from the shares of Common Stock represented by such vested Restricted Stock Units and otherwise deliverable to the Grantee a number of shares of Common Stock and/or (b) from any related Dividend Equivalents otherwise deliverable to the Grantee an amount of such Dividend Equivalents, which collectively have a value (or, in the case of securities withheld, a Fair Market Value) as of the date the obligation to withhold arises equal to the Required Withholding Amount, unless the Grantee remits the Required Withholding Amount to the Company or its designee in cash in such form and by such time as the Company may require or other provisions for withholding such amount satisfactory to the Company have been made. Notwithstanding any other provisions of this Agreement, the delivery of any shares of Common Stock represented by vested Restricted Stock Units and any related Dividend Equivalents may be postponed until any required withholding taxes have been satisfied. Notwithstanding the foregoing or anything contained herein to the contrary, (i) the Grantee may, in his sole discretion, direct the Company to deduct from the shares of Common Stock represented by vested Restricted Stock Units and otherwise deliverable to the Grantee a number of shares of Common Stock represented by such Restricted Stock Units having a Fair Market Value on the date the obligation to withhold arises equal to the Required Withholding Amount and (ii) the Company will not withhold any shares of Common Stock to pay the Required Withholding Amount if the Grantee has remitted cash to the Company or a Subsidiary or designee thereof in an amount equal to the Required Withholding Amount by such time as the Company may require.

6. Delivery by the Company. As soon as practicable after the vesting of Restricted Stock Units, and any related Unpaid Dividend Equivalents, pursuant to Section 3 or 7 (but in no event later than March 15, 2021), and subject to the withholding referred to in Section 5, the Company will (a) register in a book entry account in the name of the Grantee, or cause to be issued and delivered to the Grantee (in certificate or electronic form), that number of shares of Common Stock represented by such vested Restricted Stock Units and any securities representing related vested Unpaid Dividend Equivalents, and (b) cause to be delivered to the Grantee any cash payment representing related vested Unpaid Dividend Equivalents. Any delivery of securities will be deemed effected for all purposes when a certificate representing, or statement of holdings reflecting, such securities and, in the case of any Unpaid Dividend Equivalents, any other documents necessary to reflect ownership thereof by the Grantee, have been delivered personally to the Grantee or, if delivery is by mail, when the Grantee has received such certificates or other documents. Any cash payment will be deemed effected when a check from the Company, payable to the Grantee and in the amount equal to the amount of the cash owed, has been delivered personally to the Grantee or, if delivery is by mail, upon receipt by the Grantee.

7. Termination of Restricted Stock Units. The Restricted Stock Units will be forfeited and terminate at the time specified below:

(a) Any Restricted Stock Units that do not become vested in accordance with Section 3 of this Agreement or Section 7(b) of this Agreement, and any related Unpaid Dividend Equivalents, will automatically be forfeited as of the Close of Business on the date of Separation.

(b) Notwithstanding the provisions of Section 3, if the Grantee's Separation occurs prior to the Close of Business on December 10, 2020 for any reason, including, without limitation, as a result of death, Disability, termination by the Company with or without Cause or termination by the Grantee with or without Good Reason, a pro rata portion of the Granted RSUs and any related Unpaid Dividend Equivalents will vest as of the date of Separation, such pro rata portion to be equal to the product of the number of Granted RSUs, multiplied by a fraction, the numerator of which is the number of calendar days that have elapsed since April 4, 2020, through the date of Separation, and the denominator of which is 251 days. Upon forfeiture of any unvested Restricted Stock Units, and any related Unpaid Dividend Equivalents, such Restricted Stock Units and any related Unpaid Dividend Equivalents will be immediately cancelled, and the Grantee will cease to have any rights with respect thereto.

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

9. Forfeiture for Misconduct and Repayment of Certain Amounts. If (i) a material restatement of any financial statement of the Company (including any consolidated financial statement of the Company and its consolidated subsidiaries) is required and (ii) in the reasonable judgment of the 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 Grantee, the Grantee will repay to the Company Forfeitable Benefits received by the Grantee during the Misstatement Period in such amount as the Committee may reasonably determine, taking into account, in addition to any other factors deemed relevant by the Committee, the extent to which the market value of Common Stock during the Misstatement Period was affected by the error(s) giving rise to the need for such restatement. "Forfeitable Benefits" means (i) any and all cash and/or shares of Common Stock received by the Grantee (A) upon the exercise during the Misstatement Period of any SARs held by the Grantee or (B) upon the payment during the Misstatement Period of any Cash Award or Performance Award held by the Grantee, the value of which is determined in whole or in part with reference to the value of Common Stock, and (ii) any proceeds received by the Grantee from the sale, exchange, transfer or other disposition during the Misstatement Period of any shares of Common Stock received by the Grantee upon the exercise, vesting or payment during the Misstatement Period of any Award held by the Grantee. By way of clarification, "Forfeitable Benefits" will not include any shares of Common Stock delivered in respect of the vesting of any Restricted Stock Units during the Misstatement Period or any securities received as Dividend Equivalents in respect thereof, in each case that are not sold, exchanged, transferred or otherwise disposed of during the Misstatement Period. "Misstatement Period" means the 12-month period beginning on the date of the first public issuance or the filing with the Securities and Exchange Commission, whichever occurs earlier, of the financial statement requiring restatement.

10. No Stockholder Rights; Dividend Equivalents. The Grantee will not be deemed for any purpose to be, or to have any of the rights of, a stockholder of the Company with respect to any shares of Common Stock represented by any Restricted Stock Units unless and until such time as shares of Common Stock represented by vested Restricted Stock Units have been delivered to the Grantee in accordance with Section 6, nor will the existence of this Agreement affect in any way the right or power of the Company or any stockholder of the Company to accomplish any corporate act, including, without limitation, any reclassification, reorganization or other change of or to its capital or business structure, merger, consolidation, liquidation or sale or other disposition of all or any part of its business or assets. The Grantee will have no right to receive, or otherwise with respect to, any Dividend Equivalents until such time, if ever, as (a) the Restricted Stock Units with respect to which such Dividend Equivalents relate shall have become vested, or (b) such Dividend Equivalents shall have become vested in accordance with the third to last sentence of this Section, and, if vesting does not occur, the related Dividend Equivalents will be forfeited. Dividend Equivalents shall not bear interest or be segregated in a separate account. Notwithstanding the foregoing, the Committee may, in its sole discretion, accelerate the vesting of any portion of the Dividend Equivalents (the "Vested Dividend Equivalents"). The settlement of any Vested Dividend Equivalents shall be made as soon as administratively practicable after the accelerated vesting date, but in no event later than March 15, 2021. With respect to any Restricted Stock Units and Dividend Equivalents, the Grantee is a general unsecured creditor of the Company.

11. Adjustments. If the outstanding shares of Common Stock are subdivided into a greater number of shares (by stock dividend, stock split, reclassification or otherwise) or are combined into a smaller number of shares (by reverse stock split, reclassification or otherwise), or if the Committee determines that any stock dividend, extraordinary cash dividend, reclassification, recapitalization, reorganization, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase any shares of Common Stock or other similar corporate event (including mergers or consolidations) affects shares of Common Stock such that an adjustment is required to preserve the benefits or potential benefits intended to be made available under this Agreement, then the applicable Restricted Stock Units will be subject to adjustment in such manner as the Committee, in its sole discretion, deems equitable and appropriate in connection with the occurrence of any of the events described in this Section 11 following the Grant Date.

12. Restrictions Imposed by Law. Without limiting the generality of Section 10.8 of the Plan, the Company will not be obligated to deliver any shares of Common Stock represented by vested Restricted Stock Units or securities constituting any Unpaid Dividend Equivalents if counsel to the Company determines that the issuance or delivery thereof would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which shares of Common Stock or such other securities are listed or quoted. The Company will in no event be obligated to take any affirmative action in order to cause the delivery of shares of Common Stock represented by vested Restricted Stock Units or securities constituting or cash payment related to any Unpaid Dividend Equivalents to comply with any such law, rule, regulation, or agreement.

13. Notice. Unless the Company notifies the Grantee in writing of a different procedure or address, any notice or other communication to the Company with respect to this Agreement will be in writing and will be delivered personally or sent by United States first class mail, postage prepaid and addressed as follows:

Qurate Retail, Inc.
12300 Liberty Boulevard
Englewood, Colorado 80112
Attn: Chief Legal Officer

Unless the Company elects to notify the Grantee electronically pursuant to the online grant and administration program or via email, any notice or other communication to the Grantee with respect to this Agreement will be in writing and will be delivered personally, or will be sent by

United States first class mail, postage prepaid, to the Grantee's address as listed in the records of the Company on the date of this Agreement, unless the Company has received written notification from the Grantee of a change of address.

14. Amendment. Notwithstanding any other provision hereof, this Agreement may be amended from time to time as approved by the Committee as contemplated in the Plan. Without limiting the generality of the foregoing, without the consent of the Grantee,

(a) this Agreement may be amended from time to time as approved by the Committee (i) to cure any ambiguity or to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, (ii) to add to the covenants and agreements of the Company for the benefit of the Grantee or surrender any right or power reserved to or conferred upon the Company in this Agreement, subject to any required approval of the Company's stockholders, and provided, in each case, that such changes or corrections will not adversely affect the rights of the Grantee with respect to the Award evidenced hereby, or (iii) to make such other changes as the Company, upon advice of counsel, determines are necessary because of the adoption or promulgation of, or change in or of the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities laws; and

(b) subject to any required action by the Board or the stockholders of the Company, the Restricted Stock Units granted under this Agreement may be canceled by the Company and a new Award made in substitution therefor, provided, that the Award so substituted will satisfy all of the requirements of the Plan as of the date such new Award is made and no such action will adversely affect any Restricted Stock Units (after taking into account any related Unpaid Dividend Equivalents).

15. Grantee Services. Nothing contained in this Agreement, and no action of the Company or the Committee with respect hereto, will confer or be construed to confer on the Grantee any right to continue in the employ or service of the Company or interfere in any way with the right of the Company to terminate the Grantee's employment or service at any time, with or without Cause, subject to the provisions of the Services Agreement and the Employment Agreement.

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

17. Governing Law. This Agreement will be governed by, and construed in accordance with, the internal laws of the State of Colorado.

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

19. Rules by Committee. The rights of the Grantee and the obligations of the Company hereunder will be subject to such reasonable rules and regulations as the Committee may adopt from time to time.

20. Entire Agreement. This Agreement is in satisfaction of and in lieu of all prior discussions and agreements, oral or written, between the Company and the Grantee regarding the Award. The Grantee and the Company hereby declare and represent that no promise or agreement not expressed herein has been made regarding the Award and that this Agreement contains the entire agreement between the parties hereto with respect to the Award and replaces and makes null and void any prior agreements between the Grantee and the Company regarding the Award. Subject to the restrictions set forth in Sections 8 and 16, this Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

21. Grantee Acceptance. The Grantee will signify acceptance of the terms and conditions of this Agreement by acknowledging the acceptance of this Agreement via the procedures described in the online grant and administration program utilized by the Company or by such other method as may be agreed by the Grantee and the Company.

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

23. Replacement Awards. Any restricted stock unit, restricted stock, option or other equity or equity derivative that is issued after the Grant Date to the Grantee by the Company or any other Person pursuant to a Fundamental Corporate Event in full or partial replacement of, as an adjustment to, or otherwise with respect to, Restricted Stock Units granted pursuant to this Agreement (a "Replacement Award"), will have the same term and the same vesting and exercisability terms and conditions as the Restricted Stock Units, except that if the Company is not the issuer of a Replacement Award, the definition of Change in Control with respect to such Replacement Award will be applied with respect to the issuer of such Replacement Award as if it were the "Company" for purposes of such definition. By way of illustration, a Change in Control of the Company will not cause acceleration of any Replacement Awards that are not issued by the Company and a Change in Control of the issuer of any Replacement Awards with respect to which the Company is not the issuer will not cause acceleration of any remaining Restricted Stock Units with respect to which the Company is the issuer.

24. Confidential Information. The Grantee will not, during or after his employment or service with the Company, without the prior express written consent of the Company, directly or indirectly use or divulge, disclose or make available or accessible any Confidential Information (as defined below) to any person, firm, partnership, corporation, trust or any other entity or third party (other than when required to do so in good faith to perform the Grantee's duties and responsibilities to the Company or when (i) required to do so by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power, or (ii) necessary to prosecute the Grantee's rights against the Company or its Subsidiaries or to defend himself against any allegations). The Grantee will also proffer to the Company, no later than the effective date of any termination of the Grantee's engagement with the Company for any reason, and without retaining any copies, notes or excerpts thereof, all memoranda, computer disks or other media, computer programs, diaries, notes, records, data, customer or client lists, marketing plans and strategies, and any other documents consisting of or containing Confidential Information that are in the Grantee's actual or constructive possession or which are subject to the Grantee's control at such time. For purposes of this Agreement, "Confidential Information" will mean all information respecting the business and activities of the Company or any Subsidiary, including, without limitation, the clients, customers, suppliers, employees, consultants, computer or other files, projects, products, computer disks or other media, computer hardware or computer software programs, marketing plans, financial information, methodologies, know-how, processes, practices, approaches, projections, forecasts, formats, systems, trade secrets, data gathering methods and/or strategies of the Company or any Subsidiary. Notwithstanding the immediately preceding sentence, Confidential Information will not include any information that is, or becomes, generally available to the public (unless such availability occurs as a result of the Grantee's breach of any of his obligations under this Section). If the Grantee is in breach of any of the provisions of this

Section or if any such breach is threatened by the Grantee, in addition to and without limiting or waiving any other rights or remedies available to the Company at law or in equity, the Company shall be entitled to immediate injunctive relief in any court, domestic or foreign, having the capacity to grant such relief, without the necessity of posting a bond, to restrain any such breach or threatened breach and to enforce the provisions of this Section. The Grantee agrees that there is no adequate remedy at law for any such breach or threatened breach and, if any action or proceeding is brought seeking injunctive relief, the Grantee will not use as a defense thereto that there is an adequate remedy at law.

25. **Arbitration**. Any controversy, claim or dispute arising out of or in any way relating to this Agreement or the Grantee's employment with or service to, or termination of employment or service from, the Company (including whether such controversy, claim or dispute is subject to arbitration), excepting only claims that may not, by statute, be arbitrated, will be submitted to binding arbitration. Both the Grantee and the Company acknowledge that they are relinquishing their right to a jury trial. The Grantee and the Company agree that arbitration will be the exclusive method for resolving disputes arising out of or related to this Agreement or to the Grantee's employment or service with, or termination of employment or service from, the Company. The arbitration will be administered by JAMS in accordance with the Employment Arbitration Rules & Procedures of JAMS then in effect and subject to JAMS Policy on Employment Arbitration Minimum Standards, except as otherwise provided in this Agreement. Arbitration will be commenced and heard in the Denver, Colorado metropolitan area. Only one arbitrator will preside over the proceedings, who will be selected by agreement of the parties from a list of five or more qualified arbitrators provided by the arbitration tribunal, or if the parties are unable to agree on an arbitrator within 10 Business Days following receipt of such list, the arbitration tribunal will select the arbitrator. The arbitrator will apply the substantive law (and the law of remedies, if applicable) of Colorado or federal law, or both, as applicable to the claim(s) asserted. In any arbitration, the burden of proof will be allocated as provided by applicable law. The arbitrator will have the authority to award any and all legal and equitable relief authorized by the law applicable to the claim(s) being asserted in the arbitration, as if the claim(s) were brought in a federal court of law. Either party may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award. Discovery, such as depositions or document requests, will be available to the Company and the Grantee as though the dispute were pending in U.S. federal court. The arbitrator will have the ability to rule on pre-hearing motions as though the matter were in a U.S. federal court, including the ability to rule on a motion for summary judgment.

Exhibit 31.1

CERTIFICATION

I, Michael A. George, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 10, 2020

/s/ MICHAEL A. GEORGE

Michael A. George
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Brian J. Wendling, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 10, 2020

/s/ BRIAN J. WENDLING

Brian J. Wendling

Chief Accounting Officer and Principal Financial Officer

Exhibit 32

Certification

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

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

The Quarterly Report on Form 10-Q for the period ended June 30, 2020 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 10, 2020	/s/ MICHAEL A. GEORGE
	Michael A. George *President and Chief Executive Officer*
Date: August 10, 2020	/s/ BRIAN J. WENDLING
	Brian J. Wendling *Chief Accounting Officer and Principal Financial Officer*

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

Exhibit 99. 1

Qurate Retail, Inc.

Reconciliation of Qurate Retail, Inc. ("Qurate Retail") Net Assets and

Net Earnings to Liberty Interactive LLC ("Liberty LLC") Net Assets and Net Earnings

June 30, 2020

(unaudited)

amounts in millions

Qurate Retail Net Assets	$	5,286
Reconciling items:		
Zulily, llc ("Zulily") net assets		(669)
Cornerstone Brands, Inc. ("Cornerstone") net assets (1)		(240)
Equity investment in Cornerstone held by Liberty LLC (1)		30
Tax sharing agreement with GCI Liberty, Inc.		88
Liberty LLC Net Assets	$	4,495

Qurate Retail Net Earnings	$	225
Reconciling items:		
Zulily net (earnings) loss		4
Cornerstone net (earnings) loss (1)		(1)
Cornerstone equity method investment share of earnings (loss)		—
GCI Liberty, Inc. tax sharing expense		4
Liberty LLC Net Earnings	$	232

(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.