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 September 30, 2024

OR

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

For the transition period from to

Commission File Number 001-33982

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Series A common stock	QRTEA	The Nasdaq Stock Market LLC
Series B common stock	QRTEB	The Nasdaq Stock Market LLC
8.0% Series A Cumulative Redeemable Preferred Stock	QRTEP	The Nasdaq Stock Market LLC

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

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

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

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

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

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

The number of outstanding shares of Qurate Retail, Inc.'s common stock as of October 31, 2024 was:

Series A common stock	388,022,184
Series B common stock	8,927,840

Table of Contents

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(unaudited)

	September 30, 2024	December 31, 2023
	amounts in millions	
Assets		
Current assets:		
Cash and cash equivalents	$ 873	1,121
Trade and other receivables, net of allowance for credit losses of $82 million and $102 million, respectively	883	1,308
Inventory, net	1,299	1,044
Other current assets	174	209
Total current assets	3,229	3,682
Property and equipment, net	500	512
Intangible assets not subject to amortization (note 5):		
Goodwill	3,175	3,164
Trademarks	2,698	2,698
	5,873	5,862
Intangible assets subject to amortization, net (note 5)	437	526
Operating lease right-of-use assets	618	635
Other assets, at cost, net of accumulated amortization	116	151
Total assets	$ 10,773	11,368

(continued)

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Continued)

(unaudited)

	September 30, 2024	December 31, 2023
	amounts in millions, except share amounts	
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 839	895
Accrued liabilities	802	983
Current portion of debt, $289 million and $219 million measured at fair value (note 6)	874	642
Other current liabilities	134	97
Total current liabilities	2,649	2,617
Long-term debt (note 6)	4,185	4,698
Deferred income tax liabilities	1,443	1,531
Preferred stock (note 7)	1,272	1,270
Operating lease liabilities	614	615
Other liabilities	131	148
Total liabilities	10,294	10,879
Equity		
Stockholders' equity:		
Series A common stock, $.01 par value. Authorized 4,000,000,000 shares; issued and outstanding 388,020,873 shares at September 30, 2024 and 383,047,720 shares at December 31, 2023	4	4
Series B common stock, $.01 par value. Authorized 150,000,000 shares; issued and outstanding 8,927,840 shares at September 30, 2024 and 8,700,380 shares at December 31, 2023	—	—
Series C common stock, $.01 par value. Authorized 4,000,000,000 shares; no shares issued	—	—
Additional paid-in capital	123	99
Accumulated other comprehensive earnings (loss), net of taxes	78	86
Retained earnings	192	196
Total stockholders' equity	397	385
Noncontrolling interests in equity of subsidiaries	82	104
Total equity	479	489
Commitments and contingencies (note 8)		
Total liabilities and equity	$ 10,773	11,368

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(unaudited)

		Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
		amounts in millions, except per share amounts			
Total revenue, net	$	2,344	2,479	7,093	7,772
Operating costs and expenses:					
Cost of goods sold (exclusive of depreciation shown separately below)		1,517	1,603	4,560	5,146
Operating expense		175	186	533	573
Selling, general and administrative, including stock-based compensation (note 2)		405	415	1,231	1,359
Restructuring, penalties and fire related costs, net of (recoveries) (note 8)		—	19	18	(189)
Depreciation and amortization		95	105	290	309
Gain on sale of assets and leaseback transactions (note 8)		—	—	(1)	(119)
		2,192	2,328	6,631	7,079
Operating income (loss)		152	151	462	693
Other income (expense):					
Interest expense		(117)	(119)	(353)	(336)
Dividend and interest income		14	14	41	39
Realized and unrealized gains (losses) on financial instruments, net (note 4)		(36)	(14)	(53)	(60)
Loss on disposition of Zulily, net		—	—	—	(64)
Other, net		(13)	1	(19)	11
		(152)	(118)	(384)	(410)
Earnings (loss) before income taxes		—	33	78	283
Income tax (expense) benefit		(15)	(21)	(53)	(119)
Net earnings (loss)		(15)	12	25	164
Less net earnings (loss) attributable to the noncontrolling interests		8	11	29	36
Net earnings (loss) attributable to Qurate Retail, Inc. shareholders	$	(23)	1	(4)	128
Basic net earnings (loss) attributable to Series A and Series B Qurate Retail, Inc. shareholders per common share (note 3):	$	(0.06)	—	(0.01)	0.33
Diluted net earnings (loss) attributable to Series A and Series B Qurate Retail, Inc. shareholders per common share (note 3):	$	(0.06)	—	(0.01)	0.33

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Earnings (Loss)

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	amounts in millions			
Net earnings (loss)	$ (15)	12	25	164
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	94	(47)	21	(51)
Recognition of previously unrealized losses (gains) on debt, net	—	—	—	(32)
Credit risk on fair value debt instruments gains (loss)	—	1	(29)	82
Other comprehensive earnings (loss)	94	(46)	(8)	(1)
Comprehensive earnings (loss)	79	(34)	17	163
Less comprehensive earnings (loss) attributable to the noncontrolling interests	18	8	29	25
Comprehensive earnings (loss) attributable to Qurate Retail, Inc. shareholders	$ 61	(42)	(12)	138

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(unaudited)

	Nine months ended September 30, 2024	2023
	amounts in millions	
Cash flows from operating activities:		
Net earnings (loss)	$ 25	164
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	290	309
Stock-based compensation	22	40
Realized and unrealized (gains) losses on financial instruments, net	53	60
Gain on sale of assets and sale leaseback transactions	(1)	(119)
Gain on insurance proceeds, net of fire related costs	—	(225)
Insurance proceeds received for operating expenses and business interruption losses	—	226
Loss on disposition of Zulily	—	64
Deferred income tax expense (benefit)	(86)	62
Other, net	11	3
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	411	378
Decrease (increase) in inventory	(249)	63
Decrease (increase) in prepaid expenses and other assets	71	90
(Decrease) increase in trade accounts payable	(59)	(103)
(Decrease) increase in accrued and other liabilities	(175)	(410)
Net cash provided (used) by operating activities	313	602
Cash flows from investing activities:		
Capital expenditures	(137)	(151)
Expenditures for television distribution rights	(23)	(111)
Cash proceeds from dispositions of investments	7	71
Cash paid for disposal of Zulily	—	(35)
Proceeds from sale of fixed assets	6	202
Insurance proceeds received for fixed asset loss	—	54
Payments for settlements of financial instruments	—	(179)
Proceeds from settlements of financial instruments	—	167
Other investing activities, net	(2)	—
Net cash provided (used) by investing activities	(149)	18
Cash flows from financing activities:		
Borrowings of debt	1,895	1,137
Repayments of debt	(2,249)	(1,893)
Dividends paid to noncontrolling interest	(51)	(35)
Dividends paid to common shareholders	(4)	(8)
Indemnification agreement settlement	—	26
Other financing activities, net	(3)	(3)
Net cash provided (used) by financing activities	(412)	(776)
Effect of foreign currency exchange rates on cash, cash equivalents and restricted cash	2	(17)
Net increase (decrease) in cash, cash equivalents and restricted cash	(246)	(173)
Cash, cash equivalents and restricted cash at beginning of period	1,136	1,285
Cash, cash equivalents and restricted cash at end of period	$ 890	1,112

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:

	September 30, 2024	December 31, 2023
	in millions	
Cash and cash equivalents	$ 873	1,121
Restricted cash included in other current assets	17	15
Total cash, cash equivalents and restricted cash in the condensed consolidated statement of cash flows	$ 890	1,136

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, 2024	$ —	4	—	99	86	196	104	489
Net earnings (loss)	—	—	—	—	—	(4)	29	25
Other comprehensive earnings (loss)	—	—	—	—	(8)	—	—	(8)
Stock-based compensation	—	—	—	24	—	—	—	24
Distribution to noncontrolling interest	—	—	—	—	—	—	(51)	(51)
Withholding taxes on net share settlements of stock-based compensation	—	—	—	(2)	—	—	—	(2)
Other	—	—	—	2	—	—	—	2
Balance at September 30, 2024	$ —	4	—	123	78	192	82	479

	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 June 30, 2024	$ —	4	—	115	(6)	215	93	421
Net earnings (loss)	—	—	—	—	—	(23)	8	(15)
Other comprehensive earnings (loss)	—	—	—	—	84	—	10	94
Stock-based compensation	—	—	—	7	—	—	—	7
Distribution to noncontrolling interest	—	—	—	—	—	—	(29)	(29)
Other	—	—	—	1	—	—	—	1
Balance at September 30, 2024	$ —	4	—	123	78	192	82	479

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Equity (continued)

(unaudited)

	Stockholders' Equity						Noncontrolling interest in equity of subsidiaries	Total equity
	Preferred stock	Common stock Series A	Common stock Series B	Additional paid-in capital	Accumulated other comprehensive earnings (loss)	Retained earnings		
	amounts in millions							
Balance at January 1, 2023	$ —	4	—	53	18	337	113	525
Net earnings (loss)	—	—	—	—	—	128	36	164
Other comprehensive earnings (loss)	—	—	—	—	10	—	(11)	(1)
Stock-based compensation	—	—	—	36	—	—	—	36
Distribution to noncontrolling interest	—	—	—	—	—	—	(35)	(35)
Withholding taxes on net share settlements of stock-based compensation	—	—	—	(1)	—	—	—	(1)
Other	—	—	—	2	—	3	—	5
Balance at September 30, 2023	$ —	4	—	90	28	468	103	693

	Stockholders' Equity						Accumulated Noncontrolling interest in equity of subsidiaries	Total equity
	Preferred stock	Common stock Series A	Common stock Series B	Additional paid-in capital	Accumulated other comprehensive earnings (loss)	Retained earnings		
	amounts in millions							
Balance at June 30, 2023	$ —	4	—	79	71	467	106	727
Net earnings (loss)	—	—	—	—	—	1	11	12
Other comprehensive income (loss)	—	—	—	—	(43)	—	(3)	(46)
Stock-based compensation	—	—	—	11	—	—	—	11
Distribution to noncontrolling interest	—	—	—	—	—	—	(11)	(11)
Balance at September 30, 2023	$ —	4	—	90	28	468	103	693

See accompanying notes to condensed consolidated financial statements.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(1) Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of Qurate Retail, Inc. and its controlled subsidiaries (collectively, "Qurate Retail," the "Company," "Consolidated Qurate Retail," "us," "we," or "our" unless the context otherwise requires). All significant intercompany accounts and transactions have been eliminated in consolidation. Qurate Retail is made up of wholly-owned subsidiaries QVC, Inc. ("QVC"), which includes HSN, Inc. ("HSN"), Cornerstone Brands, Inc. ("CBI"), and other cost 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 and CBI, 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, 2023, 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, 2023 (the "2023 10-K").

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

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

In December 2019, the Company entered into an amended services agreement. Under the amended services agreement, components of LMC's Chief Executive Officer's compensation are either paid directly to him or reimbursed to LMC, in each case, based on allocations set forth in the amended services agreement, currently set at 10% for the Company but subject to adjustment on an annual basis and upon the occurrence of certain events.

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, information technology, cybersecurity and investor relations support. Qurate Retail reimburses LMC for direct, out-of-pocket expenses incurred by LMC in providing these services and for Qurate Retail's allocable portion of costs associated with any shared services or personnel based on an estimated percentage of time spent providing services to Qurate Retail. Under the facilities sharing agreement, LMC shares office space and related amenities at its corporate headquarters with Qurate Retail. Under these various agreements, approximately $3 million and $2 million was reimbursable to LMC for the three months ended September 30, 2024 and 2023, respectively, and $8 million and $6 million for the nine months ended September 30, 2024 and 2023, respectively. Qurate Retail had a tax sharing payable to Liberty Broadband in the amount of approximately $20 million and $16 million as of September 30, 2024 and December 31, 2023, respectively, included in other liabilities in the condensed consolidated balance sheets.

Zulily, LLC (“Zulily”) was a wholly owned subsidiary of Qurate Retail until its divestiture on May 24, 2023. Qurate Retail recognized a loss on the divestiture of $64 million in the second quarter of 2023. Zulily is included in Corporate and other through May 23, 2023 and is not presented as a discontinued operation as the disposition did not represent a strategic shift that had a major effect on Qurate Retail’s operations and financial results.

Included in revenue in the accompanying condensed consolidated statements of operations is $301 million for the nine months ended September 30, 2023, related to Zulily. Included in net earnings (loss) in the accompanying condensed consolidated statement of operations are losses of $44 million for the nine months ended September 30, 2023, related to Zulily.

(2) Stock-Based Compensation

The Company has granted to certain of its directors, employees and employees of its subsidiaries, restricted stock (“RSAs”), restricted stock units (“RSUs”) and options to purchase shares of the Company’s common stock (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an equity classified Award (such as stock options and RSAs) 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 $3 million and $10 million of stock-based compensation during the three months ended September 30, 2024 and 2023, respectively, and $22 million and $40 million of stock-based compensation during the nine months ended September 30, 2024 and 2023, respectively.

Qurate Retail—RSUs

During the nine months ended September 30, 2024 and in connection with their employment agreements, Qurate Retail granted 3.7 million performance-based, stock-settled RSUs of Series A Qurate Retail common stock (“QRTEA”) to our President and Chief Executive Officer and 296 thousand performance-based, stock-settled RSUs of Series B Qurate Retail common stock (“QRTEB”) to our Chairman of the Board. Such RSUs had a GDFV of $1.23 per share and $5.01 per share, respectively, and vest one year from the month of grant, subject to the satisfaction of certain performance objectives.

The following table presents the number of cash-settled RSUs granted by the Company during the nine months ended September 30, 2024:

	Nine months ended September 30, 2024 RSUs Granted (000's)
QRTEA time-based RSUs, subsidiary employees (1)	21,171
QRTEA performance-based RSUs, subsidiary employees (2)	20,409
QRTEA performance-based RSUs, Qurate Retail employees (3)	941

(1) Grants mainly vest equally over three years.
(2) Grants mainly vest equally over three years, subject to the satisfaction of certain performance objectives.
(3) Grants mainly vest one year from the month of grant, subject to the satisfaction of certain performance objectives.

For cash-settled RSUs, the liability and compensation expense related to such awards is adjusted at the end of each reporting period based on the closing market price of QRTEA on the last trading day of the quarter.

For awards that are performance-based, 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.

Qurate Retail—Outstanding Awards

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

	Series A (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Options outstanding at January 1, 2024	23,530	$ 7.72		
Granted	—	$ —		
Exercised	—	$ —		
Forfeited/Cancelled	(3,580)	$ 10.24		
Options outstanding at September 30, 2024	19,950	$ 7.27	2.0 years	$ —
Options exercisable at September 30, 2024	17,755	$ 7.11	1.9 years	$ —

	Series B (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Options outstanding at January 1, 2024	723	$ 12.35		
Granted	—	$ —		
Exercised	—	$ —		
Forfeited/Cancelled	(316)	$ 11.59		
Options outstanding at September 30, 2024	407	$ 12.95	0.5 years	$ —
Options exercisable at September 30, 2024	407	$ 12.95	0.5 years	$ —

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

The following table presents the number and weighted average GDFV of stock-settled RSUs granted to certain officers, employees and directors of the Company.

	Series A (000's)		Weighted Average GDFV	Series B (000's)		Weighted Average GDFV
RSUs outstanding at January 1, 2024	14,691	$	3.30	353	$	5.51
Granted	3,741	$	1.23	296	$	5.01
Vested	(5,702)	$	3.74	(353)	$	4.85
Forfeited/Cancelled	(2,253)	$	2.34	—	$	—
RSUs outstanding at September 30, 2024	10,477	$	2.52	296	$	5.01

As of September 30, 2024, Qurate Retail also had 1.1 million QRTEB RSAs outstanding with a GDFV of $13.65 per share.

As of September 30, 2024, the total unrecognized compensation cost related to unvested Awards was approximately $21 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 1.9 years.

As of September 30, 2024, Qurate Retail reserved for issuance upon exercise of outstanding stock options approximately 20.0 million shares of QRTEA and 0.4 million shares of QRTEB.

(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 September 30, 2024 and 2023 are 20 million and 25 million potential common shares, respectively, because their inclusion would have been antidilutive. Excluded from diluted EPS for the nine months ended September 30, 2024 and 2023 are 21 million and 27 million potential common shares, respectively, because their inclusion would have been antidilutive.

	Qurate Retail Common Stock			
	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	number of shares in millions			
Basic WASO	396	388	399	386
Potentially dilutive shares	1	1	1	1
Diluted WASO	397	389	400	387

(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:

Description		Fair Value Measurements at September 30, 2024			Fair Value Measurements at December 31, 2023	
	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	$ 666	666	—	726	726	—
Debt	$ 289	—	289	219	—	219

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

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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	amounts in millions			
Equity securities	(17)	(2)	(19)	(19)
Exchangeable senior debentures	(19)	(24)	(34)	(37)
Other financial instruments	—	12	—	(4)
	$ (36)	(14)	(53)	(60)

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). During the three and nine months ended September 30, 2023, the Company recognized less than $1 million and $45 million, respectively, of previously unrecognized gains, which was recognized through realized and unrealized gains (losses) on financial instruments, net on the condensed consolidated statement of operations. The change in the fair value of the exchangeable senior debentures attributable to changes in the instrument specific credit risk was a gain of less than $1 million and a gain of $1 million for the three months ended September 30, 2024 and 2023, respectively, and a loss of $38 million and a gain of $108 million for the nine months ended September 30, 2024 and 2023, respectively. The cumulative change was a gain of $502 million as of September 30, 2024, net of the recognition of previously unrecognized gains and losses.

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

(5) Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

	QxH	QVC Int'l	CBI	Total
		amounts in millions		
Balance at January 1, 2024	$ 2,367	785	12	3,164
Foreign currency translation adjustments	—	11	—	11
Balance at September 30, 2024	$ 2,367	796	12	3,175

Intangible Assets Subject to Amortization

Amortization expense for intangible assets with finite useful lives was $73 million and $79 million for the three months ended September 30, 2024 and 2023, respectively, and $223 million and $231 million for the nine months ended September 30, 2024 and 2023, respectively. Based on its amortizable intangible assets as of September 30, 2024, Qurate Retail expects that amortization expense will be as follows for the next five years (amounts in millions):

Remainder of 2024	$ 77
2025	$ 206
2026	$ 130
2027	$ 24
2028	$ —

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

(6) Long-Term Debt

Debt is summarized as follows:

	Outstanding principal at September 30, 2024	Carrying value September 30, 2024	Carrying value December 31, 2023
		amounts in millions	
Corporate level debentures			
8.5% Senior Debentures due 2029	$ 287	286	286
8.25% Senior Debentures due 2030	505	503	503
4% Exchangeable Senior Debentures due 2029 (1)(2)(3)	351	128	101
3.75% Exchangeable Senior Debentures due 2030 (1)(2)(3)	428	161	118
Subsidiary level notes and facilities			
QVC 4.85% Senior Secured Notes due 2024(3)	—	—	423
QVC 4.45% Senior Secured Notes due 2025(2)	586	585	585
QVC 4.75% Senior Secured Notes due 2027	44	44	575
QVC 4.375% Senior Secured Notes due 2028	72	72	500
QVC 6.875% Senior Secured Notes due 2029	605	605	—
QVC 5.45% Senior Secured Notes due 2034	400	400	399
QVC 5.95% Senior Secured Notes due 2043	300	300	300
QVC 6.375% Senior Secured Notes due 2067	225	225	225
QVC 6.25% Senior Secured Notes due 2068	500	500	500
QVC Senior Secured Credit Facility	1,280	1,280	857
Deferred loan costs	—	(30)	(32)
Total consolidated Qurate Retail debt	$ 5,583	5,059	5,340
Less current classification		(874)	(642)
Total long-term debt		$ 4,185	4,698

(1) Measured at fair value

(2) Classified as current at September 30, 2024

(3) Classified as current at December 31, 2023

QVC Senior Secured Notes

During the second quarter of 2023, QVC purchased $177 million of the outstanding 4.85% Senior Secured Notes due 2024 (the "2024 Notes") and $15 million of the outstanding 4.45% Senior Secured Notes due 2025 (the "2025 Notes"). As a result of the repurchases, the Company recorded a gain on extinguishment of debt of $10 million for the nine months ended September 30, 2023, which is included in other, net in the condensed consolidated statements of operations. The remaining outstanding 2024 Notes were repaid in March 2024. As of September 30, 2024, the remaining outstanding 2025 Notes are classified within the current portion of long-term debt as they mature in less than one year.

On September 11, 2024, QVC commenced a private offer to existing bondholders to exchange any and all of QVC's outstanding 4.75% Senior Secured Notes due 2027 (the "2027 Notes") for $350 principal amount of QVC's newly-issued 6.875% Senior Secured Notes due April 2029 (the "2029 Notes") and $650 in cash per $1,000 principal amount of 2027 Notes exchanged, and any and all of QVC's outstanding 4.375% Senior Secured Notes due 2028 (the "2028 Notes") for $1,000 principal amount of the 2029 Notes per $1,000 principal amount of 2028 Notes exchanged (the "Exchange"), and a private offer to purchase 2027 Notes and 2028 Notes for cash from holders who were not eligible to participate in the private exchange offer. On September 25, 2024, QVC issued $605 million aggregate principal amount of 2029 Notes and paid $352 million in cash consideration (including $277 million contributed by Qurate Retail) in exchange for $531 million of the 2027 Notes and $428 million of the 2028 Notes. The Exchange was accounted for as a debt modification in accordance with U.S. GAAP and fees paid to third parties were expensed during the three and nine months ended September 30, 2024 in other expense in the condensed consolidated statement of operations.

The senior secured notes permit QVC to make unlimited dividends or other restricted payments so long as QVC is not in default under the indentures governing the senior secured notes and QVC's consolidated leverage ratio is not greater than 3.5 to 1.0 (the "senior secured notes leverage basket"). As of September 30, 2024, QVC's consolidated leverage ratio (as calculated under QVC's senior secured notes) was greater than 3.5 to 1.0 and as a result QVC is restricted in its ability to make dividends or other restricted payments under the senior secured notes. Although QVC will not be able to make unlimited dividends or other restricted payments under the senior secured notes leverage basket, QVC will continue to be permitted to make unlimited dividends to parent entities of QVC to service the principal and interest when due in respect of indebtedness of such parent entities (so long as there is no default under the indentures governing QVC's senior secured notes) and permitted to make certain restricted payments to Qurate Retail under an intercompany tax sharing agreement in respect of certain tax obligations of QVC and its subsidiaries.

QVC Senior Secured Credit Facility

On October 27, 2021, QVC amended and restated its latest credit agreement (as amended and restated, the "Fifth Amended and Restated Credit Agreement") and refinanced QVC's existing bank credit facility by entering into the Fifth Amended and Restated Credit Agreement with Zulily, CBI, and QVC Global Corporate Holdings, LLC ("QVC Global"), each a direct or indirect (or former, in the case of Zulily) wholly owned subsidiary of Qurate Retail, as borrowers (QVC, Zulily, CBI and QVC Global, collectively, the "Borrowers"), JPMorgan Chase Bank, N.A., as administrative agent, and the other parties named therein. In connection with the Zulily divestiture (see note 1), Zulily is no longer a co-borrower in the Credit Facility, and Zulily repaid its outstanding borrowings under the Fifth Amended and Restated Credit Agreement using cash contributed from Qurate Retail, which was approximately $80 million.

The Fifth Amended and Restated Credit Agreement is a multi-currency facility providing for a $3.25 billion revolving credit facility (the "Credit Facility"), with a $450 million sub-limit for letters of credit and an alternative currency revolving sub-limit equal to 50% of the revolving commitments thereunder. The Credit Facility may be borrowed by any Borrower, with each Borrower jointly and severally liable for the outstanding borrowings. Borrowings under the Fifth Amended and Restated Credit Agreement bear interest at either the alternate base rate (such rate, the "ABR Rate") or a London Inter-bank Offered Rate ("LIBOR")-based rate (or the applicable non-U.S. Dollar equivalent rate) (such rate, the "Term Benchmark/RFR Rate") at the applicable Borrower's election in each case plus a margin. Borrowings that are ABR Rate loans will bear interest at a per annum rate equal to the base rate plus a margin that varies between 0.25% and 0.625% depending on the Borrowers' combined ratio of consolidated total debt to consolidated EBITDA (the "consolidated leverage ratio"). Borrowings that are Term Benchmark/RFR Rate loans will bear interest at a per annum rate equal to the applicable rate plus a margin that varies between 1.25% and 1.625% depending on the Borrowers' 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 CBI, QVC Global or any other borrower under the Credit Facility (other than QVC) is removed, at the election of QVC, as a borrower thereunder, all of its loans must be repaid and its letters of credit are terminated or cash collateralized. Any amounts prepaid on the Credit Facility may be reborrowed.

On June 20, 2023, QVC, QVC Global and CBI, as borrowers, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties thereto entered into an agreement whereby, in accordance with the Fifth Amended and Restated Credit Agreement, LIBOR-based rate loans denominated in U.S. dollars made on or after June 30, 2023 would be replaced with SOFR-based rate loans. Borrowings that are Secured Overnight Financing Rate ("SOFR")-based loans will bear interest at a per annum rate equal to the applicable SOFR rate, plus a credit spread adjustment, plus a margin that varies between 1.25% and 1.625% depending on the Borrowers' consolidated leverage ratio.

The loans under the Credit Facility are scheduled to mature on October 27, 2026. Payment of the loans may be accelerated following certain customary events of default.

The payment and performance of the Borrowers' obligations under the Fifth Amended and Restated Credit Agreement are guaranteed by each of QVC's, QVC Global's, and CBI's Material Domestic Subsidiaries (as defined in the Fifth Amended and Restated Credit Agreement), if any, and certain other subsidiaries of any Borrower that such Borrower has chosen to provide guarantees. Further, the borrowings under the Fifth Amended and Restated Credit Agreement are secured, pari passu with QVC's existing notes, by a pledge of all of QVC's equity interests. The borrowings under the Fifth Amended and Restated Credit Agreement are also secured by a pledge of all of CBI's equity interests.

The Fifth Amended and Restated Credit Agreement contains certain affirmative and negative covenants, including certain restrictions on the Borrowers 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 the Borrowers' consolidated leverage ratio.

Borrowings under the Fifth Amended and Restated Credit Agreement may be used to repay outstanding indebtedness, pay certain fees and expenses, finance working capital needs and general purposes of the Borrowers and their respective subsidiaries and make certain restricted payments and loans to the Borrowers' respective parents and affiliates.

Availability under the Fifth Amended and Restated Credit Agreement at September 30, 2024 was $1,753 million. The interest rate on the Credit Facility was 6.5% and 6.8% at September 30, 2024 and 2023, respectively.

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 September 30, 2024 the Company's 3.75% and 4.0% Exchangeable Debentures have been classified as current because the Company does not own shares to exchange the debentures. 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.

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 September 30, 2024 are as follows (amounts in millions):

Senior debentures	$	425
QVC senior secured notes	$	2,008

Due to the variable rate nature, Qurate Retail believes that the carrying amount of its other debt, not discussed above, approximated fair value at September 30, 2024.

(7) Preferred Stock

On September 14, 2020, Qurate Retail issued its 8.0% Series A Cumulative Redeemable Preferred Stock, par value $0.01 per share (the "Preferred Stock"). There were 13,500,000 shares of Preferred Stock authorized and 12,723,282 shares of Preferred Stock issued and outstanding at September 30, 2024.

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

Dividends. Holders of the Preferred Stock are entitled to receive quarterly cash dividends at a rate of 8.0% per annum of the liquidation price (as described below) on a cumulative basis, during the term. If declared, accrued dividends will be payable quarterly on each dividend payment date, beginning December 15, 2020 and thereafter on each March 15, June 15, September 15, and December 15 during the term (or, if such date is not a business day, the next business day after such date). If Qurate Retail fails to pay dividends or the applicable redemption price with respect to any redemption within 30 days after the applicable dividend payment or redemption date, the dividend rate will increase as provided by the Certificate of Designations for the Preferred Stock (the "Certificate of Designations"). Accrued dividends that are not paid within 30 days after the applicable dividend payment date will be added to the liquidation price until paid together with all dividends accrued thereon.

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

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

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

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

Preferred Stock Directors. So long as the aggregate liquidation price of the outstanding shares of Preferred Stock exceeds 25% of the aggregate liquidation price of the shares of Preferred Stock issued on the Original Issue Date, holders of Preferred Stock will have certain director election rights as described in the Certificate of Designations whenever dividends on shares of Preferred Stock have not been declared and paid for two consecutive dividend periods and whenever Qurate Retail fails to pay the applicable redemption price in full with respect to any redemption of the Preferred Stock or fails to make a payment with respect to the Preferred Stock in connection with a liquidation or Extraordinary Transactions (as defined in the Certificate of Designations).

Recognition. As the Preferred Stock is subject to unconditional mandatory redemption in cash and was issued in the form of a share, the Company concluded the Preferred Stock was a mandatorily redeemable financial instrument and should be classified as a liability in the condensed consolidated balance sheets. The Preferred Stock was initially recorded at its fair value, which was determined to be the liquidation preference of $100 per share, and continues to be recorded at this value until the settlement date. Given the liability classification of the Preferred Stock, all dividends accrued will be classified as interest expense in the condensed consolidated statements of operations. The fair value of the Preferred Stock (level 1) was $553 million as of September 30, 2024.

(8) 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.

Fire at Rocky Mount Fulfillment Center

On December 18, 2021, QVC experienced a fire at its Rocky Mount fulfillment center in North Carolina. Rocky Mount was QVC's second-largest fulfillment center for the operating segment comprised of QVC U.S. and HSN ("QxH") and QVC's primary returns center for hard goods. QVC maintains property, general liability and business interruption insurance coverage.

In June 2023, QVC agreed to a final insurance settlement with its insurance company and received all remaining proceeds related to the Rocky Mount claim. During the nine months ended September 30, 2023, QVC received $280 million of insurance proceeds, of which $210 million represented recoveries for business interruption losses. During the three and nine months ended September 30, 2023, QVC recorded $5 million and $32 million of fire related costs, respectively, and recognized net losses of $5 million and net gains of $208 million, respectively, representing proceeds received in excess of recoverable losses, in restructuring, penalties and fire related costs, net of (recoveries) in the condensed consolidated statement of operations.

In February 2023, QVC sold the Rocky Mount fulfillment center to an independent third party and received cash proceeds of $2 million and $19 million during the three and nine months ended September 30, 2023, respectively. QVC recognized gains on the sale of $2 million and $17 million during the three and nine months ended September 30, 2023, respectively, calculated as the difference between the aggregate consideration received and the carrying value of the property. The gain is included in restructuring, penalties and fire related costs, net of (recoveries) in the condensed consolidated statement of operations.

QVC Restructuring

On June 27, 2022, Qurate Retail announced a five-point turnaround plan designed to stabilize and differentiate its core QVC U.S. and HSN brands and expand the Company's leadership in video streaming commerce ("Project Athens"). Project Athens main initiatives include: (i) improve customer experience and grow relationships; (ii) rigorously execute core processes; (iii) lower cost to serve; (iv) optimize the brand portfolio; and (v) build new high growth businesses.

During 2022, QVC commenced the first phase of Project Athens including actions to reduce inventory and a planned workforce reduction that was completed in February 2023. During the nine months ended September 30, 2023, QVC recorded restructuring charges of $13 million. These initiatives are consistent with QVC's strategy to operate more efficiently as it implements its turnaround plan.

During the second quarter of 2024, QVC entered into an agreement and announced a plan to shift its global operating model for information technology services to a managed services model. As a result, during the nine months ended September 30, 2024 QVC recorded restructuring charges of $18 million in restructuring, penalties and fire related costs, net of (recoveries) in the condensed consolidated statement of operations.

Zulily Restructuring

In the first quarter of 2022, Zulily began to execute a series of transformation initiatives, beginning with the announcement of the closure of its fulfillment center in Bethlehem, Pennsylvania, and reduction in corporate workforce. These initiatives were consistent with Zulily's strategy to operate more efficiently as it implemented its turnaround plan. Zulily recorded $5 million of restructuring charges during the nine months ended September 30, 2023 related to its reduction in corporate workforce. See note 1 for a discussion regarding the Company's divestiture of Zulily on May 24, 2023.

Gains on sale- leaseback transactions

In November 2022, QVC International entered into agreements to sell two properties located in Germany and the United Kingdom ("U.K.") to an independent third party. Under the terms of the agreements, QVC received net cash proceeds of $102 million related to its German facility and $80 million related to its U.K. facility when the sale closed in January 2023. Concurrent with the sale, the Company entered into agreements to lease each of the properties back from the purchaser over an initial term of 20 years with the option to extend the terms of the property leases for up to four consecutive terms of five years. QVC recorded a gain of $69 million and $44 million related to the successful sale-leaseback of the German and U.K. properties, respectively, during the first quarter of 2023 calculated as the difference between the aggregate consideration received and the carrying value of the properties. QVC accounted for the leases as operating at the close of the sale-leaseback transaction, leases and recorded a $42 million and $32 million right-of-use asset and operating lease liability for the German and U.K. properties, respectively.

In December 2023, QVC entered into an agreement to sell an owned and operated property in Germany to an independent third party. This property was owned and considered held for sale as of December 31, 2023, and is included in other assets, at cost, net of accumulated amortization in the condensed consolidated balance sheet. Under the terms of the agreement, QVC received net cash proceeds of $6 million related to its German facility when the sale closed in February 2024. QVC recognized a $1 million gain related to the sale during the first quarter of 2024, calculated as the difference between the aggregate consideration received and the carrying value of the property. Concurrent with the sale, QVC entered into an agreement to lease a portion of the property back over two years and recorded an operating lease right-of-use asset and operating lease liability of $1 million.

On October 31, 2022, the Company entered into foreign currency forward contracts with an aggregate notional amount of $167 million to mitigate the foreign currency risk associated with the sale and leaseback of the Germany and U.K. properties. The forwards did not qualify as cash flow hedges under GAAP. Changes in the fair value of the forwards are reflected in realized and unrealized gains (losses) on financial instruments, net in the condensed consolidated statements of operations. The contracts expired in January 2023 which resulted in a net cash settlement of $12 million.

Other

During the three and nine months ended September 30, 2023, QVC recorded a $16 million provision for an unresolved matter between HSN and the Consumer Product Safety Commission concerning the imposition of civil penalties for allegedly failing to timely submit a report under the Consumer Product Safety Act in relation to handheld clothing steamers sold by HSN under the Joy Mangano brand names My Little Steamer® and My Little Steamer® Go Mini that were subject to a voluntary recall previously announced on May 26, 2021. The civil penalty was recorded in restructuring, penalties and fire related costs, net of (recoveries) in the condensed consolidated statement of operations.

(9) 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.

The Qurate Retail chief operating decision maker primarily evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as revenue and Adjusted OIBDA. 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 nine months ended September 30, 2024, 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 U.S., 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.
- CBI – CBI consists of a portfolio of aspirational home and apparel brands in the U.S. that sell merchandise through brick-and-mortar retail locations as well as via the Internet through their websites.

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 2023 10-K.

Performance Measures

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

	Three months ended September 30, 2024				
	QxH	QVC Int'l	CBI	Corp and other	Total
			in millions		
Home	$ 611	226	214	—	1,051
Apparel	294	98	38	—	430
Beauty	225	135	—	—	360
Accessories	185	52	—	—	237
Electronics	104	17	—	—	121
Jewelry	63	43	—	—	106
Other revenue	39	—	—	—	39
Total Revenue	$ 1,521	571	252	—	2,344

QURATE RETAIL, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

	Nine months ended September 30, 2024				
	QxH	QVC Int'l	CBI	Corp and other	Total
			in millions		
Home	$ 1,796	684	637	—	3,117
Apparel	904	311	119	—	1,334
Beauty	703	405	—	—	1,108
Accessories	598	153	—	—	751
Electronics	285	48	—	—	333
Jewelry	216	115	—	—	331
Other revenue	116	3	—	—	119
Total Revenue	$ 4,618	1,719	756	—	7,093

	Three months ended September 30, 2023				
	QxH	QVC Int'l	CBI	Corp and other	Total
			in millions		
Home	$ 631	220	246	—	1,097
Apparel	304	105	39	—	448
Beauty	235	141	—	—	376
Accessories	204	49	—	—	253
Electronics	124	16	—	—	140
Jewelry	76	44	—	—	120
Other revenue	43	2	—	—	45
Total Revenue	$ 1,617	577	285	—	2,479

	Nine months ended September 30, 2023				
	QxH	QVC Int'l	CBI	Corp and other	Total
			in millions		
Home	$ 1,868	701	735	76	3,380
Apparel	939	329	125	113	1,506
Beauty	745	417	—	14	1,176
Accessories	619	156	—	78	853
Electronics	316	48	—	2	366
Jewelry	218	118	—	11	347
Other revenue	131	6	—	7	144
Total Revenue	$ 4,836	1,775	860	301	7,772

For segment reporting purposes, Qurate Retail defines Adjusted OIBDA as revenue less cost of goods sold, operating expenses, and selling, general and administrative expenses excluding stock-based compensation and, where applicable, separately identified items impacting comparability. 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, and where applicable, separately identified impairments, litigation settlements, restructuring, penalties, acquisition-related costs, fire related costs, net (including Rocky Mount inventory losses) and gains (losses) on sale-leaseback transactions, that are included in the measurement of operating income (loss) pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income (loss), net earnings (loss), 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	amounts in millions			
QxH	$ 182	201	561	525
QVC International	70	77	222	226
CBI	6	11	31	40
Corporate and other	(8)	(4)	(23)	(57)
Consolidated Qurate Retail	$ 250	285	791	734

Other Information

	September 30, 2024	
	Total assets	Capital expenditures
	amounts in millions	
QxH	$ 7,824	89
QVC International	1,836	29
CBI	573	19
Corporate and other	540	—
Consolidated Qurate Retail	$ 10,773	137

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	amounts in millions			
Adjusted OIBDA	$ 250	285	791	734
Stock-based compensation	(3)	(10)	(22)	(40)
Depreciation and amortization	(95)	(105)	(290)	(309)
Restructuring, penalties and fire related costs, net of recoveries	—	(19)	(18)	189
Gain on sale of assets and sale-leaseback transactions	—	—	1	119
Operating income (loss)	$ 152	151	462	693
Interest expense	(117)	(119)	(353)	(336)
Interest and dividend income	14	14	41	39
Realized and unrealized gains (losses) on financial instruments, net	(36)	(14)	(53)	(60)
Loss on disposition of Zulily, net	—	—	—	(64)
Other, net	(13)	1	(19)	11
Earnings (loss) before income taxes	$ —	33	78	283

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; revenue growth at QVC, Inc. ("QVC"); our projected sources and uses of cash; economic and macroeconomic trends; statements regarding the carrying value of our 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:

- customer demand for our products and services and our ability to attract new customers and retain existing customers by anticipating customer demand and adapting to changes in demand;
- competitor responses to our products and services;
- increased digital TV penetration and the impact on channel positioning of our programs;
- the levels of online traffic to our businesses' websites and our ability to convert visitors into customers or contributors;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our future financial performance, including availability, terms, deployment of capital and our level of indebtedness;
- our ability to effectively manage our installment sales plans and revolving credit card programs;
- the cost and ability of shipping companies, manufacturers, suppliers, digital marketing channels, and vendors to deliver products, equipment, software and services;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- the impact of the seasonality of our businesses;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners, distributors, suppliers and vendors, including our increased reliance on social media platforms as a marketing tool;
- domestic and international economic and business conditions and industry trends, including the impact of Brexit (as defined below) and the impact of inflation and increased labor costs;
- increases in market interest rates;
- changes in the trade policy and trade relations with China;
- consumer spending levels, including the availability and amount of individual consumer debt and customer credit losses;
- system interruption and the lack of integration and redundancy in the systems and infrastructures of our businesses;
- advertising spending levels;
- changes in distribution and viewing of television programming, including the expanded deployment of video on demand technologies and Internet protocol television and their impact on home shopping programming;
- rapid technological changes;
- failure to protect the security of personal information, including as a result of cybersecurity threats and cybersecurity incidents, 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 and its variants or future pandemics or epidemics), political crises, and other catastrophic events or other events outside of our control, including climate change;
- threatened terrorist attacks, political and economic unrest in international markets and ongoing military action around the world;
- failure to successfully implement Project Athens (defined below); 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, 2023 (the “2023 10-K”). These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly Report on Form 10-Q, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto and the 2023 10-K.

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

Overview

We own controlling interests in video and online commerce companies. Our largest businesses and reportable segments are our operating segment comprised of QVC U.S. and HSN, Inc. (“QxH”) and QVC International. QVC markets and sells a wide variety of consumer products in the United States (“U.S.”) and several foreign countries via highly engaging video-rich, interactive shopping experiences, primarily by means of its televised shopping programs and the Internet through its domestic and international websites and mobile applications. Cornerstone Brands, Inc. (“CBI”), consists of a portfolio of aspirational home and apparel brands, and is a reportable segment.

Our “Corporate and other” category includes corporate activity along with various cost method investments. Prior to the divesture of Zulily, LLC (“Zulily”) described below, Zulily’s results were reported in Corporate and other.

Zulily was a wholly owned subsidiary of Qurate Retail until its divestiture on May 24, 2023. Qurate Retail recognized a loss on the divestiture of $64 million in the second quarter of 2023. Zulily is included in Corporate and other through May 23, 2023 and is not presented as a discontinued operation as the disposition did not represent a strategic shift that had a major effect on Qurate Retail’s operations and financial results.

Included in revenue in the accompanying condensed consolidated statements of operations is $301 million for the nine months ended September 30, 2023, related to Zulily. Included in net earnings (loss) in the accompanying condensed consolidated statement of operations are losses of $44 million for the nine months ended September 30, 2023, related to Zulily.

Strategies

On June 27, 2022, Qurate Retail announced a five-point turnaround plan designed to stabilize and differentiate its core QVC U.S. and HSN brands and expand the Company's leadership in video streaming commerce (“Project Athens”). Project Athens main initiatives include: (i) improve customer experience and grow relationships; (ii) rigorously execute core processes; (iii) lower cost to serve; (iv) optimize the brand portfolio; and (v) build new high growth businesses.

Improve customer experience and grow relationships. Qurate Retail is focused on rebuilding stronger connections with our customers. In order to improve customer experience and grow relationships, Qurate Retail is working to optimize programming using advanced analytics to align product offerings, promotions and airtime with customer preferences. In addition, we are investing in infrastructure which will endeavor to improve the customer's order to delivery experience by reducing shipping time and improving shipment tracking visibility. We will continue to focus on customer loyalty through providing customers with a more personalized shopping experience.

Rigorously execute core processes. Qurate Retail is enhancing its core processes to deliver the human story telling experience behind a product while also sharing a clear and compelling value proposition. In order to rigorously execute core processes, Qurate Retail will optimize pricing and assortment by investing in enhanced information technology (“IT”) systems that support real-time pricing and promotion adjustments at an item level. We are focused on growing our private label brands in an effort to drive revenue and margin at a productive scale.

Lower cost to serve. Qurate Retail is right sizing its cost base to improve profitability and cash generation. In order to lower cost to serve, Qurate Retail has enhanced review of spending to identify cost savings opportunities and opportunities to create new operational efficiencies, through end-to-end product and process reviews, and leveraging technology and process automation. Additionally, we have improved product margin through lower fulfillment costs, freight optimization and higher productivity.

Optimize the brand portfolio. Qurate Retail divested Zulily in the second quarter of 2023, consistent with its goal of optimizing the brand portfolio. Qurate Retail is exploring untapped opportunities to maximize brand value.

Build new high growth business. Finally, Qurate Retail is focused on expanding in the video streaming shopping market. In order to build new high growth businesses, Qurate Retail is working to expand streaming viewership by improving the current streaming experience with enhanced video and navigation and seamless transactions. Additionally, we are shaping the future streaming experience with exclusive content, program and deal concepts. We are also building a next generation shopping app featuring vendors with self-made content.

During 2022, QVC commenced the first phase of Project Athens, including actions to reduce inventory and a planned workforce reduction that was completed in February 2023. QVC recorded restructuring charges of $13 million during the nine months ended September 30, 2023 in restructuring, penalties and fire related costs, net of (recoveries) in the condensed consolidated statement of operations. These initiatives are consistent with QVC’s strategy to operate more efficiently as it implements its turnaround plan.

During the second quarter of 2024, QVC entered into an agreement and announced a plan to shift its global operating model for IT services to a managed services model. As a result, during the nine months ended September 30, 2024, QVC recorded restructuring charges of $18 million in restructuring, penalties and fire related costs, net of (recoveries) in the condensed consolidated statement of operations.

Trends

QVC’s future net revenue will depend on its ability to grow through digital platforms, retain and grow revenue from existing customers, and attract new 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 in various regions of the world in which our subsidiaries and affiliates operate, has impacted and could continue to adversely affect demand for our products and services since a substantial portion of our revenue is derived from discretionary spending by individuals, which typically falls, to varying degrees, during times of economic instability and inflationary pressures. Global financial markets may experience disruptions, including increased volatility and diminished liquidity and credit availability. If economic and financial market conditions in the U.S. or other key markets, including Japan and Europe, continue to be uncertain or deteriorate, our customers may respond by suspending, delaying or reducing their discretionary spending. Any further suspension, delay or reduction in discretionary spending could adversely affect revenue. Accordingly, our ability to increase or maintain revenue and earnings could be adversely affected to the extent that relevant economic environments decline. Such weak economic conditions may also inhibit our expansion into new European and other markets. We currently are unable to predict the extent of any of these potential adverse effects.

The Company has continued to see inflationary pressures during the period including higher wages and merchandise costs consistent with inflation experienced by the global economy. If these pressures persist, inflated costs may result in certain increased costs outpacing our pricing power in the near term.

Due to a goodwill impairment related to the QxH reporting unit during the fourth quarter of 2023, the fair value of goodwill does not significantly exceed its carrying value. The Company will continue to monitor QVC’s current business performance versus the current and updated long-term forecasts, among other relevant considerations, to determine if the carrying value of its assets (including Goodwill) is appropriate. Future outlook declines in revenue, cash flows, or other factors could result in a sustained decrease in fair value that may result in a determination that carrying value adjustments are required, which could be material.

Fire at Rocky Mount Fulfillment Center

On December 18, 2021, QVC experienced a fire at its Rocky Mount fulfillment center in North Carolina. Rocky Mount was QVC's second-largest fulfillment center, processing approximately 25% to 30% of volume for QVC U.S., and also served as QVC U.S.'s primary returns center for hard goods. The building was significantly damaged as a result of the fire and related smoke and did not reopen. QVC took steps to mitigate disruption to operations including diverting inbound orders, leveraging its existing fulfillment centers and supplementing these facilities with short-term leased space as needed. QVC sold the property in February 2023 and received cash proceeds of $2 million and $19 million during the three and nine months ended September 30, 2023, respectively and recognized gains on the sale of $2 million and $17 million during the three and nine months ended September 30, 2023, respectively. QVC assessed its network footprint and is making investments to expand capacity and increase throughput as a result of the loss of the Rocky Mount fulfillment center.

Based on the provisions of QVC's insurance policies certain fire related costs were recoverable. In June 2023, QVC agreed to a final insurance settlement with its insurance company and received all remaining proceeds related to the Rocky Mount claim. During the nine months ended September 30, 2023, QVC received $280 million of insurance proceeds, of which $210 million represented recoveries for business interruption losses. During the three and nine months ended September 30, 2023, QVC recorded $5 million and $32 million of fire related costs, respectively, and recognized net losses of $5 million and net gains of $208 million, respectively, representing proceeds received in excess of recoverable losses, in restructuring, penalties and fire related costs, net of (recoveries) in the condensed consolidated statement of operations.

Sale-leaseback Transactions

In November 2022, QVC International entered into agreements to sell two properties located in Germany and the United Kingdom ("U.K.") to an independent third party. Under the terms of the agreements, QVC received net cash proceeds of $102 million related to its German facility and $80 million related to its U.K. facility when the sale closed in January 2023. Concurrent with the sale, QVC entered into agreements to lease each of the properties back from the purchaser over an initial term of 20 years with the option to extend the terms of the property leases for up to four consecutive terms of five years. QVC recognized a $69 million and $44 million gain related to the successful sale-leaseback of the German and U.K. properties, respectively, during the first quarter of 2023 calculated as the difference between the aggregate consideration received and the carrying value of the properties. The Company accounted for the leases as operating leases and recorded a $42 million and $32 million right-of-use asset and operating lease liability for the German and U.K. properties, respectively.

In December 2023, QVC entered into an agreement to sell an owned and operated property in Germany to an independent third party. This property was owned and considered held for sale as of December 31, 2023, and is included in other assets, at cost, net of accumulated amortization in the condensed consolidated balance sheet. Under the terms of the agreement, QVC received net cash proceeds of $6 million related to its German facility when the sale closed in February 2024. QVC recognized a $1 million gain related to the sale during the first quarter of 2024, calculated as the difference between the aggregate consideration received and the carrying value of the property. Concurrent with the sale, QVC entered into an agreement to lease a portion of the property back over two years and recorded an operating lease right-of-use asset and operating lease liability of $1 million.

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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	amounts in millions			
Revenue				
QxH	$ 1,521	1,617	4,618	4,836
QVC International	571	577	1,719	1,775
CBI	252	285	756	860
Corporate and other	—	—	—	301
Consolidated Qurate Retail	$ 2,344	2,479	7,093	7,772
Operating Income (Loss)				
QxH	$ 107	91	307	468
QVC International	57	63	177	290
CBI	(2)	4	6	17
Corporate and other	(10)	(7)	(28)	(82)
Consolidated Qurate Retail	$ 152	151	462	693
Adjusted OIBDA				
QxH	$ 182	201	561	525
QVC International	70	77	222	226
CBI	6	11	31	40
Corporate and other	(8)	(4)	(23)	(57)
Consolidated Qurate Retail	$ 250	285	791	734

Revenue. Consolidated Qurate Retail revenue decreased 5.4% or $135 million and 8.7% or $679 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding periods in the prior year. Revenue declined in all segments during the three and nine months ended September 30, 2024 compared to the corresponding periods in the prior year. The decrease in Corporate and other revenue for the nine months ended September 30, 2024 was due to the divestiture of Zulily in the prior year. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of QVC and CBI.

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 $3 million and $10 million of stock-based compensation for the three months ended September 30, 2024 and 2023, respectively, and $22 million and $40 million of stock-based compensation for the nine months ended September 30, 2024 and 2023, respectively. The decreases for the three and nine months ended September 30, 2024, compared to the same periods in the prior year were primarily due to decreases at QxH and at the corporate level. As of September 30, 2024, the total unrecognized compensation cost related to unvested Qurate Retail equity awards was approximately $21 million. Such amount will be recognized in our condensed consolidated statements of operations over a weighted average period of approximately 1.9 years.

Operating income. Our consolidated operating income increased $1 million and decreased $231 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding periods in the prior year. For the three months ended September 30, 2024, operating income increased $16 million at QxH, partially offset by decreases of $6 million at QVC International and $6 million at CBI, and an increase in losses of $3 million at the Corporate and other segment. For the nine months ended September 30, 2024, operating income declined $161 million at QxH, $113 million at QVC International and $11 million at CBI. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of QVC and CBI. The decrease for the nine months ended September 30, 2024 was partially offset by a decrease in operating losses at the Corporate and other segment of $54 million, primarily related to the divestiture of Zulily in the prior year.

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, and where applicable, separately identified impairments, litigation settlements, restructuring, penalties, acquisition-related costs, fire related costs, net (including Rocky Mount inventory losses), and (gains) losses on sale-leaseback transactions. 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 earnings (loss), 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	amounts in millions			
Operating income (loss)	$ 152	151	462	693
Depreciation and amortization	95	105	290	309
Stock-based compensation	3	10	22	40
Restructuring, penalties and fire related costs, net of (recoveries)	—	19	18	(189)
Gain on sale of assets and leaseback transactions	—	—	(1)	(119)
Adjusted OIBDA	$ 250	285	791	734

Consolidated Adjusted OIBDA decreased 12.3% or $35 million and increased 7.8% or $57 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding periods in the prior year. The decrease in Adjusted OIBDA for the three months ended September 30, 2024 was primarily due to decreases in Adjusted OIBDA at QxH of $19 million, at QVC International of $7 million, and at CBI of $5 million, and an increase in Adjusted OIBDA losses at Corporate and other of $4 million, compared to the corresponding period in the prior year. The increase in Adjusted OIBDA for the nine months ended September 30, 2024 was primarily due to an increase in Adjusted OIBDA at QxH of $36 million, and a decrease in Adjusted OIBDA losses at Corporate and other of $34 million, partially offset by decreases in Adjusted OIBDA at QVC International of $4 million and at CBI of $9 million, compared to the corresponding period in the prior year. The decrease in Adjusted OIBDA losses in the Corporate and other segment for the nine months ended September 30, 2024 was primarily due to the divestiture of Zulily in the prior year. See "Results of Operations—Businesses" below for a more complete discussion of the results of operations of QVC and CBI.

Other Income and Expense

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

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
	amounts in millions			
Interest expense	$ (117)	(119)	(353)	(336)
Interest and dividend income	14	14	41	39
Realized and unrealized gains (losses) on financial instruments, net	(36)	(14)	(53)	(60)
Loss on disposition of Zulily, net	—	—	—	(64)
Other, net	(13)	1	(19)	11
Other income (expense)	$ (152)	(118)	(384)	(410)

Interest expense. Interest expense decreased $2 million and increased $17 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding periods in the prior year. The decrease for the three months ended September 30, 2024, compared to the same period in the prior year, was primarily due to the repayment of QVC's 4.85% Senior Secured Notes due 2024 during the first quarter of 2024, partially offset by higher interest on QVC's Senior Secured Credit Facility due to a higher outstanding balance compared to the prior year. The increase for the nine months ended September 30, 2024, compared to the same period in the prior year, was due to the reversal of interest expense related to the settlement of state income tax reserves at QVC during the prior year.

Interest and dividend income. Interest and dividend income remained flat and increased $2 million for the three and nine months ended September 30, 2024, respectively, compared to the same periods in the prior year. The increase for the nine months ended September 30, 2024, was primarily due to a greater amount of cash held in interest bearing 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 September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
	amounts in millions			
Equity securities	(17)	(2)	(19)	(19)
Exchangeable senior debentures	(19)	(24)	(34)	(37)
Other financial instruments	—	12	—	(4)
	$ (36)	(14)	(53)	(60)

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 losses for the three months ended September 30, 2024, compared to the corresponding period in the prior year, was primarily driven by increased losses on equity securities and no gains on other financial instruments in the current year, partially offset by a decrease in losses on the exchangeable senior debentures driven by decreases in stock prices of the securities underlying the debentures compared to the prior year. The decrease in realized and unrealized losses for the nine months ended September 30, 2024, compared to the corresponding period in the prior year, was primarily driven by no losses on other financial instruments in the current year, and a decrease in losses on the exchangeable senior debentures driven by decreases in stock prices of the securities underlying the debentures compared to the prior year. The nine months ended September 30, 2023 was also impacted by a gain of $35 million due to the extinguishment of the Company's 1.75% Exchangeable Senior Debentures due 2046.

Loss on disposition of Zulily, net. The Company recorded a net loss of $64 million associated with the disposition of Zulily during the nine months ended September 30, 2023 (see note 1 to the accompanying condensed consolidated financial statements).

Other, net. Other, net loss increased $14 million and $30 million for the three and nine months ended September 30, 2024, respectively, compared to the corresponding periods in the prior year. The increased loss for the three months ended September 30, 2024, compared to the same period in the prior year, was primarily the result of foreign exchange losses and a loss on the early extinguishment of debt, partially offset by tax sharing expense in the prior year and no tax sharing expense in the current year. The increased losses for the nine months ended September 30, 2024, compared to the same period in the prior year, was primarily the result of a loss on the early extinguishment of debt compared to a gain in the prior year, tax sharing expense compared to a benefit in the prior year, and increased foreign exchange losses.

Income taxes. Earnings (loss) before income taxes, income tax (expense) benefit, and the effective tax rates for the three and nine months ended September 30, 2024 and 2023 are summarized below:

		Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
		amounts in millions			
Earnings (loss) before income taxes	$	—	33	78	283
Income tax (expense) benefit	$	(15)	(21)	(53)	(119)
Effective tax rate		—	64%	68%	42%

The Company had zero earnings before income taxes for the three months ended September 30, 2024, but income tax expense of $15 million primarily related to foreign income tax expense and non-deductible interest expense related to the 8.0% Series A Cumulative Redeemable Preferred Stock ("Preferred Stock"). Income tax expense was higher than the U.S. statutory tax rate of 21% during the nine months ended September 30, 2024, primarily due to foreign income tax expense and non-deductible interest expense related to the Preferred Stock. Income tax expense was higher than the U.S. statutory tax rate of 21% during the three and nine months ended September 30, 2023, primarily due to foreign income tax expense and non-deductible interest expense related to the Preferred Stock. Income tax expense for the nine months ended September 30, 2023 was also impacted by non-deductible stock compensation, and was partially offset by a tax benefit from a change in the Company's effective state tax rate used to measure deferred taxes.

Net earnings. We had net losses of $15 million and net earnings of $12 million for the three months ended September 30, 2024 and 2023, respectively, and net earnings of $25 million and $164 million for the nine months ended September 30, 2024 and 2023, 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 September 30, 2024, 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, equity issuances, dividend and interest receipts, proceeds from asset sales, debt (including availability under QVC's bank credit facilities (the "Credit Facility"), as discussed in note 6 to the accompanying condensed consolidated financial statements), and cash generated by the operating activities of our wholly-owned subsidiaries. Cash generated by the operating activities of our subsidiaries is only a source of liquidity to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted. For example, under QVC's bond indentures, it is able to pay dividends or make other restricted payments if it is not in default on its senior secured notes and its consolidated leverage ratio is no greater than 3.5 to 1.0. In addition, under the Credit Facility QVC is able to pay dividends or make other restricted payments if it is not in default on the Credit Facility and the consolidated leverage ratio of QVC, QVC Global Corporate Holdings, LLC and CBI is no greater than 4.0 to 1.0. Further, under QVC's bond indentures and the Credit Facility, unlimited dividends are permitted to service the debt of parent entities of QVC so long as there is no default (i.e., no leverage test is needed).

As of September 30, 2024, QVC's consolidated leverage ratio (as calculated under QVC's senior secured notes) was greater than 3.5 to 1.0 and as a result QVC is restricted in its ability to make dividends or other restricted payments under the senior secured notes. Although QVC will not be able to make unlimited dividends or other restricted payments under the senior secured notes leverage basket, QVC will continue to be permitted to make unlimited dividends to parent entities of QVC to service the principal and interest when due in respect of indebtedness of such parent entities (so long as there is no default under the indentures governing QVC's senior secured notes) and permitted to make certain restricted payments to Qurate Retail under an intercompany tax sharing agreement in respect of certain tax obligations of QVC and its subsidiaries.

As of September 30, 2024, Qurate Retail's liquidity position included the following:

	Cash and cash equivalents
	amounts in millions
QVC	$ 297
CBI	100
Corporate	476
Total Qurate Retail	$ 873

	Borrowing capacity
	amount in millions
Credit Facility	$ 1,753

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 September 30, 2024, the Company had approximately $165 million of cash, cash equivalents and restricted cash held in foreign subsidiaries that is available for domestic purposes with no significant tax consequences upon repatriation to the U.S. QVC accrues foreign taxes on the unremitted earnings of its international subsidiaries. Approximately 58% of QVC's foreign cash balance was that of QVC-Japan (as defined below). QVC owns 60% of QVC-Japan and shares all profits and losses with the 40% minority interest holder, Mitsui & Co., LTD ("Mitsui").

Additionally, we believe our businesses will generate positive cash flow from operations during 2024.

	Nine months ended September 30,	
	2024	2023
	amounts in millions	
Cash Flow Information		
Net cash provided (used) by operating activities	$ 313	602
Net cash provided (used) by investing activities	$ (149)	18
Net cash provided (used) by financing activities	$ (412)	(776)

During the nine months ended September 30, 2024, Qurate Retail's primary uses of cash were net debt repayments of $354 million, capital expenditures of $137 million, dividends paid to noncontrolling interest of $51 million, and expenditures for television distribution rights of $23 million.

The projected uses of Qurate Retail cash for the remainder of 2024 are continued capital improvement spending between $50 million and $75 million, debt service payments (including approximately $41 million for interest payments on outstanding debt), repayment of debt, and payment of dividends to the holders of the Preferred Stock. 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 may from time to time repurchase any level of its outstanding debt through open market purchases, privately negotiated transactions, redemptions, tender offers or otherwise. Repurchases or retirement of debt, if any, will depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Qurate Retail and its subsidiaries were in compliance with all debt covenants at September 30, 2024.

On February 27, 2024, QVC delivered a notice of redemption to the trustee and holders of QVC's 4.85% Senior Secured Notes due 2024 ("2024 Notes"). Pursuant to the notice of redemption, QVC redeemed the remaining outstanding 2024 Notes in full on March 28, 2024.

On September 11, 2024, QVC commenced a private offer to existing bondholders to exchange any and all of QVC's outstanding 4.75% Senior Secured Notes due 2027 (the "2027 Notes") for $350 principal amount of QVC's newly-issued 6.875% Senior Secured Notes due April 2029 (the "2029 Notes") and $650 in cash per $1,000 principal amount of 2027 Notes exchanged, and any and all of QVC's outstanding 4.375% Senior Secured Notes due 2028 (the "2028 Notes") for $1,000 principal amount of the 2029 Notes per $1,000 principal amount of 2028 Notes exchanged (the "Exchange"), and a private offer to purchase 2027 Notes and 2028 Notes for cash from holders who were not eligible to participate in the private exchange offer. On September 25, 2024, QVC issued $605 million aggregate principal amount of 2029 Notes and paid $352 million in cash consideration (including $277 million contributed by Qurate Retail) in exchange for $531 million of the 2027 Notes and $428 million of the 2028 Notes. The Exchange was accounted for as a debt modification in accordance with U.S. GAAP and fees paid to third parties were recorded as expenses during the three and nine months ended September 30, 2024 in other expense in the condensed consolidated statement of operations.

Results of Operations—Businesses

QVC. QVC is a retailer of a wide range of consumer products, which are marketed and sold primarily by merchandise-focused televised shopping programs, the Internet and mobile applications. In the U.S., QVC's televised shopping programs, including live and recorded content, are distributed across multiple channels nationally on a full-time basis, including QVC, QVC 2, QVC 3, HSN and HSN2. QVC's U.S. programming is also available on QVC.com and HSN.com, which we refer to as "QVC's U.S. websites"; virtual multichannel video programming distributors (including Hulu + Live TV, DirecTV Stream, and YouTube TV); applications via streaming video; Facebook Live, Roku, Apple TV, Amazon Fire, Xfinity Flex and Samsung TV Plus; mobile applications; social media 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's U.S. websites. QVC.com and its other digital platforms (including its mobile applications, social media pages and others) are natural extensions of its business model, allowing customers to engage in its shopping experience wherever they are, with live or on-demand content customized to the device they are using. In addition to offering video content, QVC's U.S. websites allow shoppers to browse, research, compare and perform targeted searches for products, read customer reviews, control the order-entry process and conveniently access their account.

QVC's international televised shopping programs, including live and recorded content, are distributed to households outside of the U.S., primarily in Germany, Austria, Japan, the 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 media 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 nine months ended September 30, 2024 and 2023, QVC-Japan paid dividends to Mitsui of $51 million and $35 million, respectively.

QVC's operating results were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	amounts in millions			
Net revenue	$ 2,092	2,194	6,337	6,611
Cost of goods sold (excluding depreciation, amortization and Rocky Mount inventory losses shown below)	(1,366)	(1,424)	(4,113)	(4,368)
Operating expenses	(165)	(175)	(502)	(530)
Selling, general and administrative expenses (excluding stock-based compensation)	(309)	(317)	(939)	(962)
Adjusted OIBDA	252	278	783	751
Restructuring, penalties and fire related (costs), net of recoveries (including Rocky Mount inventory losses)	—	(19)	(18)	196
Gain on sale of assets and sale-leaseback transactions	—	—	1	119
Stock-based compensation	(1)	(7)	(15)	(27)
Depreciation and amortization	(87)	(98)	(267)	(281)
Operating income	$ 164	154	484	758

Net revenue by segment was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	amounts in millions			
QxH	$ 1,521	1,617	4,618	4,836
QVC International	571	577	1,719	1,775
Consolidated QVC	$ 2,092	2,194	6,337	6,611

Revenue. QVC's consolidated net revenue decreased $102 million or 4.6% and $274 million or 4.1% for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding periods in the prior year. The three month decrease in net revenue is primarily due to a 3.9% decrease in units shipped attributable to QxH, partially offset by an increase in units shipped at QVC International. The decrease was also driven by a 1.2% decrease in average selling price per unit ("ASP") primarily driven by QVC International, and a $12 million decrease in shipping and handling revenue attributable to QxH. These decreases to net revenue were partially offset by a $38 million decrease in estimated product returns primarily attributable to QxH. The nine month decrease in net revenue is primarily due to a 2.7% decrease in units shipped primarily attributable to QxH, partially offset by an increase in units shipped at QVC International. The decrease was also driven by a 0.9% decrease in ASP primarily attributable to QVC International, partially offset by an increase in ASP at QxH, $49 million in unfavorable foreign exchange rates, and a $19 million decrease in shipping and handling revenue attributable to QxH. These decreases to net revenue were partially offset by a $68 million decrease in estimated product returns primarily driven by QxH.

During the three and nine months ended September 30, 2024 and 2023, the changes in revenue and expenses were affected by changes in the exchange rates for the Japanese Yen, the Euro and the U.K. Pound Sterling. In the event the U.S. Dollar strengthens against these foreign currencies in the future, QVC's revenue and operating cash flow will be negatively affected.

In discussing QVC's operating results, the term currency exchange rates refers to the currency exchange rates QVC uses to convert the operating results for all countries where the functional currency is not the U.S. Dollar. QVC calculates the effect of changes in currency exchange rates as the difference between current period activity translated using the prior period's currency exchange rates. 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 segments in U.S. Dollars and in constant currency was as follows:

	Three months ended September 30, 2024			Nine months ended September 30, 2024		
	U.S. Dollars	Foreign Currency Exchange Impact	Constant Currency	U.S. Dollars	Foreign Currency Exchange Impact	Constant currency
QxH	(5.9)%	— %	(5.9)%	(4.5)%	— %	(4.5)%
QVC International	(1.0)%	(0.3)%	(0.7)%	(3.2)%	(2.8)%	(0.4)%

QxH’s net revenue decline of $96 million for the three months ended September 30, 2024 resulted from a 6.4% decrease in units shipped and an $11 million decrease in shipping and handling revenue. These declines were partially offset by a $30 million decrease in estimated product returns. For the nine months ended September 30, 2024, QxH's net revenue decline of $218 million resulted from a 5.2% decrease in units shipped, partially offset by a $60 million decrease in estimated product returns and a 0.6% increase in ASP. For the three and nine months ended September 30, 2024, QxH experienced shipped sales declines across all product categories.

QVC International’s net revenue declined $4 million in constant currency for the three months ended September 30, 2024 due to a 3.0% decrease in ASP across all markets except Japan partially offset by a 1.4% increase in units shipped across all markets except Japan. For the three months ended September 30, 2024, QVC International experienced shipped sales growth in constant currency in home, accessories and electronics with declines across all other product categories except jewelry which remained flat. QVC International's net revenue declined $7 million in constant currency for the nine months ended September 30, 2024. This decline was due to a 3.4% decrease in ASP across all markets. These declines were primarily offset by a 3.0% increase in units shipped across all markets except Italy. For the nine months ended September 30, 2024, QVC International experienced shipped sales growth in constant currency across all product categories except for apparel and beauty.

Cost of goods sold (excluding depreciation, amortization and fire related costs, net). QVC's cost of goods sold as a percentage of net revenue was 65.3% and 64.9% for the three and nine months ended September 30, 2024, respectively, compared to 64.9% and 66.1% for the three and nine months ended September 30, 2023, respectively. The increase in cost of goods sold as a percentage of revenue for the three months ended September 30, 2024 is driven by higher warehouse costs primarily at QxH and to a lesser extent QVC International. The decrease in cost of goods sold as a percentage of revenue for the nine months ended September 30, 2024 is primarily due to product margin favorability across both segments and lower freight costs at QxH, partially offset by higher freight costs at QVC International. The product margin favorability for the nine months ended September 30, 2024 was driven by the net impact of merchandising efforts including cost reduction and pricing actions, as well as mix within product categories and less inventory liquidation in the current period at QxH.

Operating expenses. QVC's operating expenses are principally comprised of commissions, order processing and customer service expenses, credit card processing fees and telecommunications expenses. Operating expenses were 7.9% of net revenue for each of the three and nine months ended September 30, 2024, and were 8.0% for each of the three and nine months ended September 30, 2023. For the three and nine months ended September 30, 2024, the decreases in operating expenses as a percent of sales are driven by lower commissions expense at QxH.

Selling, general and administrative expenses (excluding stock based compensation). QVC's selling, general and administrative expenses (excluding stock-based compensation) include personnel, IT, marketing and advertising expenses, production costs, and provision for doubtful accounts. Such expenses decreased $8 million for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023 and increased as a percentage of net revenue to 14.8% from 14.4%. Selling, general, and administrative expenses decreased $23 million for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023 and increased as a percentage of net revenue to 14.8% from 14.6%. For the three months ended September 30, 2024, the decrease was driven by a $4 million decrease in consulting expenses and a $4 million decrease in personnel costs both at QxH. For the nine months ended September 30, 2024, the decrease resulted from a $32 million decrease in consulting expenses primarily at QxH, a $6 million decrease in non-income related taxes and $5 million of favorability from foreign exchange rates. These decreases were primarily offset by a $24 million increase in marketing costs at QxH. The decrease in consulting expenses for the three and nine months ended September 30, 2024 related to investments in Project Athens made in the prior year. The increase in marketing costs was driven by QVC's Age of Possibility campaign.

Restructuring, penalties and fire related (costs), net of recoveries (including Rocky Mount inventory losses). QVC recorded restructuring costs of $18 million for the nine months ended September 30, 2024 related to the shift in its IT operating model. QVC recorded a loss of $19 million for the three months ended September 30, 2023 and a gain of $196 million for the nine months ended September 30, 2023 in restructuring, penalties and fire related costs, net of recoveries. For the three months ended September 30, 2023, the loss was primarily related to a Consumer Product Safety Commission ("CPSC") civil penalty of $16 million (see note 8 to the accompanying condensed consolidated financial statements) and $5 million of other fire related costs, partially offset by a $2 million gain on the sale of the Rocky Mount property. For the nine months ended September 30, 2023, the gain related to a $240 million gain on insurance proceeds received in excess of fire losses and a $17 million gain on the sale of the Rocky Mount property, partially offset by $32 million of other fire related costs, the CPSC civil penalty of $16 million and $13 million of restructuring costs related to workforce reduction.

Gains on sales of assets and sale-leaseback transactions. QVC recorded a $1 million gain on sale of assets and sale-leaseback transactions for the nine months ended September 30, 2024 related to the sale-leaseback of a property in Germany. QVC recorded $119 million of gains on sales of assets and sale-leaseback transactions for the nine months ended September 30, 2023, primarily related to the sale-leaseback of two properties located in Germany and the U.K.

Stock-based compensation. Stock-based compensation includes compensation related to options and restricted stock units granted to certain officers and employees. QVC recorded $1 million and $15 million of stock-based compensation expense for the three and nine months ended September 30, 2024, respectively, and recorded $7 million and $27 million of stock-based compensation expense for the three and nine months ended September 30, 2023, respectively. The decrease in stock-based compensation expense for the three and nine months ended September 30, 2024 is primarily related to a decline in the probability of satisfying performance objectives and changes in the market price of Qurate Retail's Series A common stock.

Depreciation and amortization. Depreciation and amortization decreased $11 million and $14 million for the three and nine months ended September 30, 2024, compared to the same periods in the prior year, and included acquisition related amortization of $15 million for both of the three months ended September 30, 2024 and 2023, and $46 million for both of the nine months ended September 30, 2024 and 2023. The decreases for the three and nine months ended September 30, 2024 were primarily due to decreased property and equipment amortization primarily due to assets that are fully depreciated in the current period and a decrease in channel placement amortization and related expenses due to lower subscriber counts, and for the three months ended September 30, 2024, a decrease in software amortization due to software assets fully depreciating in the second quarter of 2024. The decrease for the nine months ended September 30, 2024 was partially offset by an increase in software amortization due to software additions.

CBI. CBI consists of a portfolio of aspirational home and apparel brands. The home brands are comprised of Ballard Designs, Frontgate, and Grandin Road, while Garnet Hill focuses primarily on apparel and accessories and is categorized as an apparel brand. There are also 34 retail and outlet stores located throughout the U.S., primarily comprised of Ballard Designs and Frontgate stores.

CBI's stand-alone operating results for the three and nine months ended September 30, 2024 and 2023 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	amounts in millions			
Net revenue	$ 252	285	756	860
Costs of goods sold	(151)	(179)	(447)	(537)
Operating expenses	(10)	(11)	(31)	(33)
SG&A expenses (excluding stock-based compensation)	(85)	(84)	(247)	(250)
Adjusted OIBDA	6	11	31	40
Stock-based compensation	—	—	(2)	(2)
Depreciation and amortization	(8)	(7)	(23)	(19)
Restructuring costs	—	—	—	(2)
Operating income (loss)	$ (2)	4	6	17

CBI's consolidated net revenue decreased 11.6% and 12.1% for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding periods in the prior year. The decrease in net revenue for the three months ended September 30, 2024 was the result of a decrease in ASP of 6% related to a product mix shift within the home category to lower priced items, and a decrease in units shipped of 6% compared to the same period in the prior year. The decrease in units shipped was due to softness across home categories. The decrease in net revenue for the nine months ended September 30, 2024 was the result of a decrease in ASP of 5% related to a product mix shift within the home category to lower priced items, and a decrease in units shipped of 7% compared to the same period in the prior year. The decrease in units shipped was due to softness across the home categories.

CBI's cost of goods sold as a percentage of net revenue was 59.9% and 62.8% for the three months ended September 30, 2024 and 2023, respectively, and 59.1% and 62.4% for the nine months ended September 30, 2024 and 2023, respectively. The decreases in cost of goods sold as a percentage of net revenue in both periods were primarily due to lower supply chain costs.

Operating expenses are principally comprised of credit card processing fees and customer service expenses, which are variable expenses that support sales activity. For the three and nine months ended September 30, 2024, operating expenses decreased $1 million and $2 million, respectively, compared to the corresponding periods in the prior year, primarily due to lower revenue, as discussed above.

CBI’s SG&A expenses (excluding stock-based compensation) include print, digital and retail marketing. For the three months ended September 30, 2024, as a percentage of net revenue, these expenses increased from 29.5% to 33.7%, primarily attributable to lower revenue compared to the prior year, as discussed above and increased consulting expenses related to business transformation initiatives. For the nine months ended September 30, 2024, as a percentage of net revenue, these expenses increased from 29.1% to 32.7%, primarily attributable to lower revenue compared to the prior year, as discussed above.

CBI’s stock-based compensation expense remained flat for the three and nine months ended September 30, 2024, respectively, compared to the corresponding periods in the prior year.

CBI’s total depreciation and amortization expense increased $1 million and $4 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding periods in the prior year, primarily due to increased capital investments, primarily in retail stores and technology.

CBI had restructuring charges of $2 million during the nine months ended September 30, 2023, as a result of a corporate restructuring in May 2023. The costs related to severance expense and outplacement services.

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 stock prices, interest rates and foreign currency exchange rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks.

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We have achieved this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when we deem appropriate. As of September 30, 2024, 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			
QVC	$ 1,280	6.5 %	$ 2,732	5.8 %
Corporate and other	$ —	— %	$ 1,571	6.1 %

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 nine months ended September 30, 2024 would have been impacted by approximately $2 million, for every 1% change in foreign currency exchange rates relative to the U.S. Dollar.

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 “Exchange Act”), the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and its principal accounting and financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of September 30, 2024 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Changes in Internal Control Over Financial Reporting

There was no change in the Company’s internal control over financial reporting that occurred during the Company’s quarter ended September 30, 2024, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II—OTHER INFORMATION

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

Share Repurchase Programs

In May 2019, the Company's board of directors authorized the repurchase of $500 million of Qurate Retail Series A common stock ("QRTEA") or Qurate Retail Series B common stock ("QRTEB"). In August 2021, the Company's board of directors authorized the repurchase of $500 million of QRTEA or QRTEB.

There were no repurchases of QRTEA or QRTEB during the three months ended September 30, 2024 under the Company's share repurchase program.

During the three months ended September 30, 2024, no shares of QRTEA, QRTEB or Qurate Retail 8.0% Series A Cumulative Redeemable Preferred Stock were surrendered by our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock, restricted stock units, and options.

Item 5. Other Information

None of the Company's directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended September 30, 2024.

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):

3.1	Amended and Restated Bylaws*
4.1	Indenture, dated September 25, 2024, by and among QVC, Inc., as issuer, the guarantors named therein, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-38654) as filed on September 26, 2024 (the "September 2024 Form 8-K")).
4.2	Form of 6.875% Senior Secured Notes due 2029 (incorporated by reference to Exhibit 4.1 to the September 2024 Form 8-K).
10.1	Call Agreement, dated as of September 25, 2024, by and between Qurate Retail, Inc. and Gregory B. Maffei (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-33982) as filed on September 25, 2024).
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: November 7, 2024	By:	/s/ DAVID RAWLINSON II
		David Rawlinson II *President and Chief Executive Officer*
Date: November 7, 2024	By:	/s/ BRIAN J. WENDLING
		Brian J. Wendling *Chief Accounting Officer and Principal Financial Officer*

Exhibit 3.1

QURATE RETAIL, INC.
A Delaware Corporation
AMENDED AND RESTATED BYLAWS

ARTICLE I

STOCKHOLDERS

Section 1.1 Annual Meeting.

An annual meeting of stockholders for the purpose of electing directors and of transacting any other business properly brought before the meeting pursuant to these Bylaws shall be held each year at such date, time and place, either within or without the State of Delaware or, if so determined by the Board of Directors in its sole discretion, at no place (but rather by means of remote communication), as may be specified by the Board of Directors in the notice of meeting.

Section 1.2 Special Meetings.

Except as otherwise provided in the terms of any series of preferred stock or unless otherwise provided by law or by the Certificate of Incorporation, special meetings of stockholders of the Corporation, for the transaction of such business as may properly come before the meeting, may be called by the Secretary of the Corporation (the "**Secretary**") only (i) upon written request received by the Secretary at the principal executive offices of the Corporation by or on behalf of the holder or holders of record of outstanding shares of capital stock of the Corporation, representing collectively not less than 66 $^{2}/_{3}$% of the total voting power of the outstanding capital stock of the Corporation entitled to vote at such meeting or (ii) at the request of not less than 75% of the members of the Board of Directors then in office. Only such business may be transacted as is specified in the notice of the special meeting. The Board of Directors shall have the sole power to determine the time, date and place, either within or without the State of Delaware, or, if so determined by the Board of Directors in its sole discretion, at no place (but rather by means of remote communication), for any special meeting of stockholders (including those properly called by the Secretary in accordance with Section 1.2(i) hereof). Following such determination, it shall be the duty of the Secretary to cause notice to be given to the stockholders entitled to vote at such meeting that a meeting will be held at the time, date and place, if any, and in accordance with the record date determined by the Board of Directors.

Section 1.3 Record Date.

In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) calendar days nor less than ten (10) calendar days before the date of such meeting. If the Board of Directors so fixes a record date for determining the stockholders entitled to notice of any meeting of stockholders, such date shall be the record date for determining the stockholders entitled to vote at such meeting, unless the Board of Directors determines, at the time it fixes the record date for determining the stockholders entitled to notice of such meeting, that a later date on or before the date of the meeting shall be the record date for determining stockholders entitled to vote at such meeting. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) calendar days prior to such action. If no record date is fixed by the Board of Directors: (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and (ii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting in accordance with this Section 1.3.

Section 1.4 Notice of Meetings.

Notice of all stockholders meetings, stating the place, if any, date and hour thereof, as well as the record date for determining stockholders entitled to vote at such meeting (if such record date is different from the record date for determining stockholders entitled to notice of the meeting); the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting; and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered by the Corporation in accordance with Section 5.4 of these Bylaws, applicable law and applicable stock exchange rules and regulations by the Chairman of the Board, the President, any Vice President, the Secretary or an Assistant Secretary, to each stockholder entitled to notice of such meeting, unless otherwise provided by applicable law or the Certificate of Incorporation, at least ten (10) calendar days but not more than sixty (60) calendar days before the date of the meeting.

Section 1.5 Notice of Stockholder Business.

(a) Annual Meetings of Stockholders.

(1) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, nominations for persons for election to the Board of Directors and the proposal of business to be considered by the stockholders must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (iii) otherwise properly be requested to be brought before the meeting by a stockholder (x) who complies with

the procedures set forth in this Section 1.5 and (y) who was a stockholder of record of the Corporation (and, with respect to any beneficial owner, if different, on whose behalf such business is proposed or such nomination or nominations made, only if such beneficial owner was the beneficial owner of shares of the Corporation) both at the time the notice provided for in Section 1.5(a)(2) is delivered to the Secretary and on the record date for the determination of stockholders entitled to vote at the meeting, and (z) who is entitled to vote at the meeting upon such election of directors or upon such business, as the case may be.

(2) In addition to any other requirements under applicable law and the Corporation's Certificate of Incorporation, for a nomination for election to the Board of Directors or the proposal of business to be properly requested to be brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in proper written form to the Secretary and any such proposed business, other than the nominations of persons for election to the Board of Directors, must constitute a proper matter for stockholder action pursuant to the Certificate of Incorporation, these Bylaws, and applicable law. To be timely, a stockholder's notice must be received at the principal executive offices of the Corporation not less than ninety (90) calendar days nor more than one hundred twenty (120) calendar days prior to the first anniversary of the preceding year's annual meeting; provided, that, in the event that the date of the annual meeting is advanced by more than twenty (20) calendar days, or delayed by more than seventy (70) calendar days, from such anniversary date, notice by the stockholder to be timely must be so received not earlier than the one hundred twentieth (120^{th}) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90^{th}) day prior to such annual meeting or the tenth (10^{th}) day following the day on which notice of the date of the meeting was communicated to stockholders or public announcement (as defined below) of the date of the meeting was made, whichever occurs first; and provided further, that for purposes of the application of Rule 14a-4(c) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (or any successor provision), the date for notice specified in this paragraph (a)(2) shall be the earlier of the date calculated as hereinbefore provided or the date specified in paragraph (c)(1) of Rule 14a-4. In no event shall the public announcement of an adjournment or postponement of a meeting of stockholders commence a new time period (or extend any time period) for the giving of a stockholder notice as described herein.

To be in proper written form, such stockholder's notice to the Secretary must be submitted by a holder of record of stock entitled to vote on the nomination of directors of the Corporation and shall set forth in writing and describe in fair, accurate, and material detail (A) as to each person whom the stockholder proposes to nominate for election as a director (a "**nominee**") (i) the name, age, business and residence address, and principal occupation or employment of the nominee, (ii) all information relating to such nominee that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Exchange Act of 1934, and (iii) such nominee's written consent to being named in the proxy statement as a nominee, the accompanying proxy card and to serving as a director if elected; (B) as to any other business that the stockholder proposes to bring before the annual meeting, (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language of the proposed amendment), and (iii) any material interest of the stockholder and beneficial owner, if any, on whose behalf the proposal is made, in such business; and (C) as to such stockholder giving notice and the beneficial owner or owners, if different, on whose behalf the nomination or proposal is made, and any affiliates or associates (each within the meaning of Rule 12b-2 under the Exchange Act) of such stockholder or beneficial owner (each a "**Proposing Person**") (i) the name and address, as they appear on the Corporation's books, of such Proposing Person, (ii) the class or series and number of shares of the capital stock of the Corporation that are, directly or indirectly, owned beneficially and of record (within the meaning of Rule 13d-3 under the Exchange Act) by such Proposing Person (provided that for purposes of this Section 1.5, such Proposing Person shall in all events be deemed to beneficially own any shares of any class or series and number of shares of capital stock of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future), (iii) a description of all agreements, arrangements or understandings between (or on behalf of) such Proposing Person and any other person or persons (including their names) pursuant to which the proposals or nominations are to be made by such stockholder, (iv) a representation by each Proposing Person who is a holder of record of stock of the Corporation (A) that the notice the Proposing Person is giving to the Secretary is being given on behalf of (x) such holder of record and/or (y) if different than such holder of record, one or more beneficial owners of stock of the Corporation held of record by such holder of record, (B) as to each such beneficial owner, the number of shares held of record by such holder of record that are beneficially owned by such beneficial owner, with documentary evidence of such beneficial ownership, and (C) that such holder of record is entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination set forth in its notice, (v) a representation (I) whether any such Proposing Person or nominee has received any financial assistance, funding or other consideration from any other person in respect of the nomination (and the details thereof) (a "**Stockholder Associated Person**") and (II) whether and the extent to which any hedging, derivative or other transaction has been entered into with respect to the Corporation within the past twelve (12) months by, or is in effect with respect to, such Proposing Person, any person to be nominated by such Proposing Person or any Stockholder Associated Person, the effect or intent of which transaction is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder, nominee or any such Stockholder Associated Person, (vi) a representation whether any Proposing Person intends or is part of a group that intends to (I) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding voting power required to approve or adopt the proposal or elect the nominee and/or (II) otherwise solicit proxies from stockholders in support of such proposal, (vii) a representation that no Proposing Person or nominee is subject to, nor will enter into, any voting or other agreement that has not been disclosed to the Corporation and that could limit or interfere with such nominee's ability to comply, if elected, with their fiduciary duties under applicable law, and (viii) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies in support of such proposal pursuant to Section 14 of the Exchange Act, and any rules and regulations promulgated thereunder. The foregoing notice requirements of this Section 1.5 shall not apply to any proposal made pursuant to Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act. A proposal to be made pursuant to Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act shall be deemed satisfied if the stockholder making such proposal complies with the provisions of Rule 14a-8 and has notified the

Corporation of his or her intention to present a proposal at an annual meeting in compliance with Rule 14a-8 and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine (x) the eligibility of such proposed nominee to serve as a director of the Corporation and (y) whether the nominee would qualify as an "independent director" or "audit committee financial expert" under applicable law, securities exchange rule or regulation, or any publicly disclosed corporate governance guideline or committee charter of the Corporation.

(3) In addition to the other requirements of this Section 1.5, each nominee who a Proposing Person proposes to nominate for election or re-election as a director must deliver in writing (in accordance with the time periods prescribed for delivery of notice under this Section 1.5) to the Secretary at the principal executive offices of the Corporation a written questionnaire completed and signed by such nominee (in the form provided by the Secretary upon written request of any stockholder of record within ten (10) days of such request) with respect to the background, qualifications, and independence of such nominee and the background of any other person or entity on whose behalf the nomination is being made.

(4) Notwithstanding anything in paragraph (a)(2) of this Section 1.5 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation at an annual meeting is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least one hundred (100) calendar days prior to the first anniversary date of the immediately preceding annual meeting, a stockholder's notice required by this Section 1.5 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(5) Notwithstanding anything to the contrary set forth herein, unless otherwise required by law, if any stockholder or Proposing Person (i) provides notice pursuant to Rule 14a-19(b) under the Exchange Act with respect to any proposed nominee and (ii) subsequently fails to comply with the requirements of Rule 14a-19 under the Exchange Act (or fails to timely provide reasonable evidence sufficient to satisfy the Corporation that such stockholder has met the requirements of Rule 14a-19(a)(3) under the Exchange Act in accordance with the following sentence), then the nomination of each such proposed nominee shall be disregarded, notwithstanding that the nominee is included as a nominee in the Corporation's proxy statement, notice of meeting or other proxy materials for any annual meeting (or any supplement thereto) and notwithstanding that proxies or votes in respect of the election of such proposed nominees may have been received by the Corporation (which proxies and votes shall be disregarded). If any stockholder or Proposing Person provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, such stockholder shall deliver to the Corporation, no later than five business days prior to the date of the meeting and any adjournment or postponement thereof, reasonable evidence that it has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote at such meeting who was a stockholder of record of the Corporation (and, with respect to any beneficial owner, if different, on whose behalf such nomination or nominations are made, only if such beneficial owner was the beneficial owner of shares of the Corporation) both at the time the notice provided for in paragraph (a)(2) of this Section 1.5 is delivered to the Secretary and on the record date for the determination of stockholders entitled to vote at the special meeting may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice meeting the requirements of paragraph (a)(2) of this Section 1.5 (substituting special meeting for annual meeting as applicable) shall be received by the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting; provided, however, that a stockholder may nominate persons for election at a special meeting only to such directorship(s) as specified in the Corporation's notice of the meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) Updating and Supplementing of Stockholder Information. A stockholder providing notice of nominations of persons for election to the Board of Directors at an annual or special meeting of stockholders or notice of business proposed to be brought before an annual meeting of stockholders shall further update and supplement such notice so that the information provided or required to be provided in such notice pursuant to paragraph (a)(2) of this Section 1.5 shall be true and correct both as of the record date for the determination of stockholders entitled to notice of the meeting and as of the date that is ten (10) business days before the meeting or any adjournment or postponement thereof, and such updated and supplemental information shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation (a) in the case of information that is required to be updated and supplemented to be true and correct as of the record date for the determination of stockholders entitled to notice of the meeting, not later than the later of five (5) business days after such record date or five (5) business days after the public announcement of such record date, and (b) in the case of information that is required to be updated and supplemented to be true and correct as of ten (10) business days before the meeting or any adjournment or postponement thereof, not later than eight (8) business days before the meeting or any adjournment or postponement thereof (or if not practicable to provide such updated and supplemental information not later than eight (8) business days before any adjournment or postponement, on the first practicable date before any such adjournment or postponement).

(d) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.5 shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.5. Except as otherwise provided by law, the chairman of the meeting shall have the power and duty (i) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.5 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by clause (a)(2)(C)(vi) of this Section 1.5) and (ii) if any proposed nomination or proposed business was not made or proposed in compliance with this Section 1.5, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing provisions of this Section 1.5, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present the nomination to the Board of Directors or to present the proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 1.5, to be considered a qualified representative of the stockholder, a person must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(2) For purposes of this Section 1.5, (i) "**public announcement**" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to the Exchange Act, and (ii) "**business day**" shall mean any day, other than Saturday, Sunday and any day on which banks located in the State of New York are authorized or obligated by applicable law to close.

(3) Notwithstanding the foregoing provisions of this Section 1.5, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.5. Nothing in this Section 1.5 shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of preferred stock to elect directors pursuant to any applicable provisions of the Corporation's Certificate of Incorporation.

Section 1.6 Quorum.

Subject to the rights of the holders of any series of preferred stock and except as otherwise provided by law or in the Certificate of Incorporation or these Bylaws, at any meeting of stockholders, the holders of a majority in total voting power of the outstanding shares of stock entitled to vote at the meeting shall be present or represented by proxy in order to constitute a quorum for the transaction of any business. The chairman of the meeting shall have the power and duty to determine whether a quorum is present at any meeting of the stockholders. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any subsidiary of the Corporation to vote stock, including, but not limited to, its own stock, held by it in a fiduciary capacity. In the absence of a quorum, the chairman of the meeting may adjourn the meeting from time to time in the manner provided in Section 1.7 hereof until a quorum shall be present.

Section 1.7 Adjournment.

Any meeting of stockholders, annual or special, may be adjourned from time to time solely by the chairman of the meeting because of the absence of a quorum or for any other reason (including to address technical failures to convene or continue a meeting using remote communication) and to reconvene at the same or some other time, date and place, if any, or by means of remote communication. Notice need not be given of any such adjourned meeting if the time, date and place, if any, and the means of remote communications, if any, thereof are (i) announced at the meeting at which the adjournment is taken, (ii) displayed, during the time scheduled for the meeting, on the same electronic network used to enable stockholders and proxyholders to participate in the meeting by means of remote communication, or (iii) set forth in the notice of the meeting. The chairman of the meeting shall have full power and authority to adjourn a stockholder meeting in his sole discretion even over stockholder opposition to such adjournment. The stockholders present at a meeting shall not have the authority to adjourn the meeting. If the time, date and place, if any, thereof, and the means of remote communication, if any, by which the stockholders and the proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken, displayed, during the time scheduled for the meeting, on the same electronic network used to enable stockholders and proxyholders to participate in the meeting by means of remote communication, or set forth in the notice of the meeting, and the adjournment is for less than thirty (30) calendar days, no notice need be given of any such adjourned meeting. If the adjournment is for more than thirty (30) calendar days or if after the adjournment a new record date for determining stockholders entitled to vote at the adjourned meeting is fixed for the adjourned meeting, then notice shall be given to each stockholder entitled to vote at the meeting. At the adjourned meeting, the stockholders may transact any business that might have been transacted at the original meeting.

Section 1.8 Organization.

The Chairman of the Board, or in the Chairman of the Board's absence or at the Chairman of the Board's direction, the President, or in the President's absence or at the President's direction, any officer of the Corporation, shall call to order meetings of stockholders and preside over and act as chairman of such meetings. The Board of Directors or, if the Board fails to act, the stockholders, may appoint any stockholder, director or officer of the Corporation to act as chairman of any meeting in the absence of the Chairman of the Board, the President and other officers. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at a meeting shall be determined by the chairman of the meeting and announced at the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Unless otherwise determined by the Board of Directors, the chairman of the meeting shall have the exclusive right to determine the order of business and to prescribe other such rules, regulations and procedures and shall have the authority in his discretion to regulate the conduct of any such meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) rules and procedures for maintaining order at the meeting and the safety of those present; (ii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iii) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (iv) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

The Secretary, or in the Secretary's absence, an Assistant Secretary, shall act as secretary of all meetings of stockholders, but, in the absence of the Secretary or the Assistant Secretary, the chairman of the meeting may appoint any other person to act as secretary of the meeting.

Section 1.9 Postponement or Cancellation of Meeting.

Any previously scheduled annual or special meeting of the stockholders may be postponed or canceled by resolution of the Board of Directors upon public notice given prior to the time previously scheduled for such meeting of stockholders.

Section 1.10 Voting.

Subject to the rights of the holders of any series of preferred stock and except as otherwise provided by law, the Certificate of Incorporation or these Bylaws and except for the election of directors, at any meeting duly called and held at which a quorum is present, the affirmative vote of a majority of the combined voting power of the outstanding shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Subject to the rights of the holders of any series of preferred stock, at any meeting duly called and held for the election of directors at which a quorum is present, directors shall be elected by a plurality of the combined voting power of the outstanding shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

Section 1.11 List of Stockholders.

The Corporation shall prepare, no later than the tenth (10^{th}) calendar day before each meeting of the stockholders, a complete list of the stockholders entitled to vote thereat, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the stockholder's name; provided, however, if the record date for determining the stockholders entitled to vote at the meeting is fewer than ten (10) calendar days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth (10^{th}) calendar day before the meeting date. Nothing contained in this Section 1.11 shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of ten (10) calendar days ending on the day before the meeting date: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. If the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. The stock ledger shall be the only evidence of the identity of the stockholders entitled to examine such list.

Section 1.12 Remote Communications.

For purposes of these Bylaws, if authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders may, by means of remote communication:

(a) participate in a meeting of stockholders; and

(b) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrent with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

ARTICLE II

BOARD OF DIRECTORS

Section 2.1 Number and Term of Office.

(a) Subject to any limitations set forth in the Certificate of Incorporation and to any provision of the Delaware General Corporation Law relating to the powers or rights conferred upon or reserved to the stockholders or the holders of any class or series of the issued and outstanding stock of the Corporation, the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors. Subject to any rights of the holders of any series of preferred stock to elect additional directors, the Board of Directors shall be comprised of not less than three (3) members and the exact number will be fixed from time to time by the Board of Directors by resolution adopted by the affirmative vote of not less than 75% of the members of the Board of Directors then in office. Directors need not be stockholders of the Corporation. The Corporation shall nominate the persons holding the offices of Chairman of the Board and President for election as directors at any meeting at which such persons are subject to election as directors.

(b) Except as otherwise fixed by the Certificate of Incorporation relating to the rights of the holders of any series of preferred stock to separately elect additional directors, which additional directors are not required to be classified pursuant to the terms of such series of preferred stock, the Board of Directors shall be divided into three (3) classes: Class I, Class II and Class III. Each class shall consist, as nearly as possible, of a number of directors equal to one-third (33 $^{1}/_{3}$%) of the then authorized number of members of the Board of Directors. The term of office of the initial Class I directors shall expire at the annual meeting of stockholders in 2008; the term of office of the initial Class II directors shall expire at the annual meeting of stockholders in 2009; and the term of office of the initial Class III directors shall expire at the annual meeting of stockholders in 2007. At each annual meeting of stockholders of the Corporation the successors of that class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. The directors of each class will serve until the earliest to occur of their death, resignation, removal or disqualification or the election and qualification of their respective successors.

Section 2.2 <u>Resignations</u>.

Any director of the Corporation, or any member of any committee, may resign at any time by giving notice in writing or by electronic transmission to the Board of Directors, the Chairman of the Board or the President or Secretary. Any such resignation shall take effect at the time specified therein or, if the time be not specified therein, then upon receipt thereof. The acceptance of such resignation shall not be necessary to make it effective unless otherwise stated therein.

Section 2.3 <u>Removal of Directors</u>.

Subject to the rights of the holders of any series of preferred stock, directors may be removed from office only for cause upon the affirmative vote of the holders of not less than a majority of the total voting power of the then outstanding shares entitled to vote at an election of directors voting together as a single class.

Section 2.4 <u>Newly Created Directorships and Vacancies</u>.

Subject to the rights of the holders of any series of preferred stock, vacancies on the Board of Directors resulting from death, resignation, removal, disqualification or other cause, and newly created directorships resulting from any increase in the number of directors on the Board of Directors, shall be filled only by the affirmative vote of a majority of the remaining directors then in office (even though less than a quorum) or by the sole remaining director. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred or to which the new directorship is apportioned, and until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director, except as may be provided in the terms of any series of preferred stock with respect to any additional director elected by the holders of such series of preferred stock. If at any time, by reason of death or resignation or other cause, the Corporation should have no directors in office, then any officer or any stockholder may call a special meeting of stockholders in the same manner that the Board of Directors may call such a meeting, and directors for the unexpired terms may be elected at such special meeting.

Section 2.5 Meetings.

Regular meetings of the Board of Directors shall be held on such dates and at such times and places, within or without the State of Delaware, as shall from time to time be determined by the Board of Directors, such determination to constitute the only notice of such regular meetings to which any director shall be entitled. In the absence of any such determination, such meeting shall be held, upon notice to each director in accordance with Section 2.6 of this Article II, at such times and places, within or without the State of Delaware, as shall be designated in the notice of meeting.

Special meetings of the Board of Directors shall be held at such times and places, if any, within or without the State of Delaware, as shall be designated in the notice of the meeting in accordance with Section 2.6 hereof. Special meetings of the Board of Directors may be called by the Chairman of the Board, and shall be called by the President or Secretary upon the written request of not less than 75% of the members of the Board of Directors then in office.

Section 2.6 Notice of Meetings.

The Secretary, or in his absence any other officer of the Corporation, shall give each director notice of the time and place of holding of any regular meetings (if required) or special meetings of the Board of Directors, in accordance with Section 5.4 of these Bylaws, by mail at least ten (10) calendar days before the meeting, or by courier service at least three (3) calendar days before the meeting, or by facsimile transmission, electronic mail or other electronic transmission, or personal service, in each case, at least twenty-four (24) hours before the meeting, unless notice is waived in accordance with Section 5.4 of these Bylaws. Unless otherwise stated in the notice thereof, any and all business may be transacted at any meeting without specification of such business in the notice.

Section 2.7 Meetings by Conference Telephone or Other Communications.

Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of telephone conference or other communications equipment by means of which all persons participating in the meeting can hear each other and communicate with each other, and such participation in a meeting by such means shall constitute presence in person at such meeting.

Section 2.8 Quorum and Organization of Meetings.

A majority of the total number of members of the Board of Directors as constituted from time to time shall constitute a quorum for the transaction of business, but, if at any meeting of the Board of Directors (whether or not adjourned from a previous meeting) there shall be less than a quorum present, a majority of those present may adjourn the meeting to another time, date and place, and the meeting may be held as adjourned without further notice or waiver. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, a majority of the directors present at any meeting at which a quorum is present may decide any question brought before such meeting. Meetings shall be presided over by the Chairman of the Board or in his absence by such other person as the directors may select. The Board of Directors shall keep written minutes of its meetings. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more Directors as alternate members of any committee to replace absent or disqualified members at any meeting of such committee. If a member of a committee shall be absent from any meeting, or disqualified from voting thereat, the remaining member or members present and not disqualified from voting, whether or not such member or members constitute a quorum, may, by a unanimous vote, appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board of Directors passed as aforesaid, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be impressed on all papers that may require it, but no such committee shall have the power or authority of the Board of Directors in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the laws of the State of Delaware to be submitted to the stockholders for approval or (ii) adopting, amending or repealing any Bylaw of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Unless otherwise specified in the resolution of the Board of Directors designating a committee, at all meetings of such committee a majority of the total number of members of the committee shall constitute a quorum for the transaction of business, and the vote of a majority of the members of the committee present at any meeting at which there is a quorum shall be the act of the committee. Each committee shall keep regular minutes of its meetings. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

Section 2.9 Indemnification.

The Corporation shall indemnify members of the Board of Directors and officers of the Corporation and their respective heirs, personal representatives and successors in interest for or on account of any action performed on behalf of the Corporation, to the fullest extent permitted by the laws of the State of Delaware and the Corporation's Certificate of Incorporation, as now or hereafter in effect.

Section 2.10 Indemnity Undertaking.

To the extent not prohibited by law, the Corporation shall indemnify any person who is or was made, or threatened to be made, a party to any threatened, pending or completed action, suit or proceeding (a "**Proceeding**"), whether civil, criminal, administrative or investigative, including, without limitation, an action by or in the right of the Corporation to procure a judgment in its favor, by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a director or officer of the Corporation, or is or was serving in any capacity at the request of the Corporation for any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprises (an "**Other Entity**"), against judgments, fines, penalties, excise taxes, amounts paid in settlement and costs, charges and expenses (including attorneys' fees). Persons who are not directors or officers of the Corporation may be similarly indemnified in respect of service to the Corporation or to an Other Entity at the request of the Corporation to the extent the Board of Directors at any time specifies that such persons are entitled to the benefits of this Section 2.10. Except as otherwise provided in Section 2.12 hereof, the Corporation shall be required to indemnify a person in connection with a proceeding (or part thereof) commenced by such person only if the commencement of such proceeding (or part thereof) by the person was authorized by the Board of Directors.

Section 2.11 Advancement of Expenses.

The Corporation shall, from time to time, reimburse or advance to any director or officer or other person entitled to indemnification hereunder the funds necessary for payment of expenses, including attorneys' fees, incurred in connection with any Proceeding in advance of the final disposition of such Proceeding; provided, however, that, such expenses incurred by or on behalf of any director or officer or other person may be paid in advance of the final disposition of a Proceeding only upon receipt by the Corporation of an undertaking, by or on behalf of such director or officer or such person, to repay all amounts advanced if it shall ultimately be determined by final judicial decision from which there is no further right of appeal that such director, officer or other person is not entitled to be indemnified for such expenses. Except as otherwise provided in Section 2.12 hereof, the Corporation shall be required to reimburse or advance expenses incurred by a person in connection with a proceeding (or part thereof) commenced by such person only if the commencement of such proceeding (or part thereof) by the person was authorized by the Board of Directors.

Section 2.12 Claims.

If a claim for indemnification or advancement of expenses under this Article II is not paid in full within sixty (60) calendar days after a written claim therefor by the person seeking indemnification or reimbursement or advancement of expenses has been received by the Corporation, the person may file suit to recover the unpaid amount of such claim and, if successful, in whole or in part, shall be entitled to be paid the expense (including attorneys' fees) of prosecuting such claim to the fullest extent permitted by Delaware law. In any such action the Corporation shall have the burden of proving that the person seeking indemnification or reimbursement or advancement of expenses is not entitled to the requested indemnification, reimbursement or advancement of expenses under applicable law.

Section 2.13 Amendment, Modification or Repeal.

Any amendment, modification or repeal of the foregoing provisions of this Article II shall not adversely affect any right or protection hereunder of any person entitled to indemnification under Section 2.9 hereof in respect of any act or omission occurring prior to the time of such repeal or modification.

Section 2.14 Executive Committee of the Board of Directors.

The Board of Directors, by the affirmative vote of not less than 75% of the members of the Board of Directors then in office, may designate an executive committee, all of whose members shall be directors, to manage and operate the affairs of the Corporation or particular properties or enterprises of the Corporation. Subject to the limitations of the law of the State of Delaware and the Certificate of Incorporation, such executive committee shall exercise all powers and authority of the Board of Directors in the management of the business and affairs of the Corporation including, but not limited to, the power and authority to authorize the issuance of shares of common or preferred stock. The executive committee shall keep minutes of its meetings and report to the Board of Directors not less often than quarterly on its activities and shall be responsible to the Board of Directors for the conduct of the enterprises and affairs entrusted to it. Regular meetings of the executive committee, of which no notice shall be necessary, shall be held at such time, dates and places, if any, as shall be fixed by resolution adopted by the executive committee. Special meetings of the executive committee shall be called at the request of the President or of any member of the executive committee, and shall be held upon such notice as is required by these Bylaws for special meetings of the Board of Directors, provided that oral notice by telephone or otherwise, or notice by electronic transmission shall be sufficient if received not later than the day immediately preceding the day of the meeting.

Section 2.15 Other Committees of the Board of Directors.

The Board of Directors may by resolution establish committees other than an executive committee and shall specify with particularity the powers and duties of any such committee. Subject to the limitations of the laws of the State of Delaware and the Certificate of Incorporation, any such committee shall exercise all powers and authority specifically granted to it by the Board of Directors, which powers may include the authority to authorize the issuance of shares of common or preferred stock. Such committees shall serve at the pleasure of the Board of Directors, keep minutes of their meetings and have such names as the Board of Directors by resolution may determine and shall be responsible to the Board of Directors for the conduct of the enterprises and affairs entrusted to them.

Section 2.16 Directors' Compensation.

Directors shall receive such compensation for attendance at any meetings of the Board and any expenses incidental to the performance of their duties as the Board of Directors shall determine by resolution. Such compensation may be in addition to any compensation received by the members of the Board of Directors in any other capacity.

Section 2.17 Action Without Meeting.

Nothing contained in these Bylaws shall be deemed to restrict the power of members of the Board of Directors or any committee designated by the Board of Directors to take any action required or permitted to be taken by them without a meeting; provided, however, that if such action is taken without a meeting by consent by electronic transmission or transmissions, such electronic transmission or transmissions must either set forth or be submitted with information from which it can be determined that the electronic transmission or transmissions were authorized by the director.

ARTICLE III

OFFICERS

Section 3.1 Executive Officers.

The Board of Directors shall elect from its own number, a Chairman of the Board and a President. The Board of Directors may also elect such Vice Presidents as in the opinion of the Board of Directors the business of the Corporation requires, a Treasurer and a Secretary, any of whom may or may not be directors. The Board of Directors may also elect, from time to time, such other or additional officers as in its opinion are desirable for the conduct of business of the Corporation and such officers shall hold office at the pleasure of the Board of Directors; provided, however, that the President shall not hold any other office except that of Chairman of the Board.

Section 3.2 Powers and Duties of Officers.

The Chairman of the Board shall have overall responsibility for the management and direction of the business and affairs of the Corporation and shall exercise such duties as customarily pertain to the office of Chairman of the Board and such other duties as may be prescribed from time to time by the Board of Directors. He shall be the senior officer of the Corporation and in case of the inability or failure of the President to perform his duties, he shall perform the duties of the President. He may appoint and terminate the appointment or election of officers, agents or employees other than those appointed or elected by the Board of Directors. He may sign, execute and deliver, in the name of the Corporation, powers of attorney, contracts, bonds and other obligations. The Chairman of the Board shall preside at all meetings of stockholders and of the Board of Directors at which he is present, and shall perform such other duties as may be prescribed from time to time by the Board of Directors or these Bylaws.

The President of the Corporation shall have such powers and perform such duties as customarily pertain to a chief executive officer and the office of a president, including, without limitation, being responsible for the active direction of the daily business of the Corporation, and shall exercise such other duties as may be prescribed from time to time by the Board of Directors. The President may sign, execute and deliver, in the name of the Corporation, powers of attorney, contracts, bonds and other obligations. In the absence or disability of the Chairman of the Board, the President shall perform the duties and exercise the powers of the Chairman of the Board.

Vice Presidents shall have such powers and perform such duties as may be assigned to them by the Chairman of the Board, the President, the executive committee, if any, or the Board of Directors. A Vice President may sign and execute contracts and other obligations pertaining to the regular course of his duties which implement policies established by the Board of Directors.

Unless the Board of Directors otherwise declares by resolution, the Treasurer shall have general custody of all the funds and securities of the Corporation and general supervision of the collection and disbursement of funds of the Corporation. He shall endorse for collection on behalf of the Corporation checks, notes and other obligations, and shall deposit the same to the credit of the Corporation in such bank or banks or depository as the Board of Directors may designate. He may sign, with the Chairman of the Board, President or such other person or persons as may be designated for the purpose by the Board of Directors, all bills of exchange or promissory notes of the Corporation. He shall enter or cause to be entered regularly in the books of the Corporation a full and accurate account of all moneys received and paid by him on account of the Corporation, shall at all reasonable times exhibit his books and accounts to any director of the Corporation upon application at the office of the Corporation during business hours and, whenever required by the Board of Directors or the President, shall render a statement of his accounts. He shall perform such other duties as may be prescribed from time to time by the Board of Directors or by these Bylaws. He may be required to give bond for the faithful performance of his duties in such sum and with such surety as shall be approved by the Board of Directors. Any Assistant Treasurer shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

The Secretary shall keep the minutes of all meetings of the stockholders and of the Board of Directors. The Secretary shall cause notice to be given of meetings of stockholders, of the Board of Directors, and of any committee appointed by the Board of Directors. He shall have custody of the corporate seal, minutes and records relating to the conduct and acts of the stockholders and Board of Directors, which shall, at all reasonable times, be open to the examination of any director. The Secretary or any Assistant Secretary may certify the record of proceedings of the meetings of the stockholders or of the Board of Directors or resolutions adopted at such meetings, may sign or attest certificates, statements or reports required to be filed with governmental bodies or officials, may sign acknowledgments of instruments, may give notices of meetings and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 3.3 Bank Accounts.

In addition to such bank accounts as may be authorized in the usual manner by resolution of the Board of Directors, the Treasurer, with approval of the Chairman of the Board or the President, may authorize such bank accounts to be opened or maintained in the name and on behalf of the Corporation as he may deem necessary or appropriate, provided payments from such bank accounts are to be made upon and according to the check of the Corporation, which may be signed jointly or singularly by either the manual or facsimile signature or signatures of such officers or bonded employees of the Corporation as shall be specified in the written instructions of the Treasurer or Assistant Treasurer of the Corporation with the approval of the Chairman of the Board or the President of the Corporation.

Section 3.4 Proxies; Stock Transfers.

Unless otherwise provided in the Certificate of Incorporation or directed by the Board of Directors, the Chairman of the Board or the President or any Vice President or their designees shall have full power and authority on behalf of the Corporation to attend and to vote upon all matters and resolutions at any meeting of stockholders of any corporation in which this Corporation may hold stock, and may exercise on behalf of this Corporation any and all of the rights and powers incident to the ownership of such stock at any such meeting, whether regular or special, and at all adjournments thereof, and shall have power and authority to execute and deliver proxies and consents on behalf of this Corporation in connection with the exercise by this Corporation of the rights and powers incident to the ownership of such stock, with full power of substitution or revocation. Unless otherwise provided in the Certificate of Incorporation or directed by the Board of Directors, the Chairman of the Board or the President or any Vice President or their designees shall have full power and authority on behalf of the Corporation to transfer, sell or dispose of stock of any corporation in which this Corporation may hold stock.

ARTICLE IV

CAPITAL STOCK

Section 4.1 Shares.

The shares of the Corporation shall be represented by a certificate, provided that the Board of Directors may provide by resolution that some or all of any or all classes or series of the Corporation's stock shall be uncertificated. Certificates shall be signed by or in the name of the Corporation by any two authorized officers of the Corporation, and sealed with the seal of the Corporation. Such seal may be a facsimile, engraved or printed. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner thereof a notice, in writing or by electronic transmission, containing the information required to be set forth or stated on certificates pursuant to Sections 151, 156, 202(a) or 218(a) of the Delaware General Corporation Law or a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions of such preferences and/or rights.

Any of or all the signatures on a certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such an officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such officer, transfer agent or registrar had not ceased to hold such position at the time of its issuance.

Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

Section 4.2 Transfer of Shares.

(a) Upon surrender to the Corporation or the transfer agent of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon receipt of proper transfer instructions from the registered owner of uncertificated shares such uncertificated shares shall be cancelled, and the issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the Corporation.

(b) The person in whose name shares of stock stand on the books of the Corporation shall be deemed by the Corporation to be the owner thereof for all purposes, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

Section 4.3 Lost Certificates.

The Board of Directors or any transfer agent of the Corporation may direct a new certificate or certificates or uncertificated shares representing stock of the Corporation to be issued in place of any certificate or certificates theretofore issued by the Corporation, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, the Board of Directors (or any transfer agent of the Corporation authorized to do so by a resolution of the Board of Directors) may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to give the Corporation a bond in such sum as the Board of Directors (or any transfer agent so authorized) shall direct to indemnify the Corporation and the transfer agent against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed or the issuance of such new certificates or uncertificated shares, and such requirement may be general or confined to specific instances.

Section 4.4 Transfer Agent and Registrar.

The Board of Directors may appoint one or more transfer agents and one or more registrars, and may require all certificates for shares to bear the manual or facsimile signature or signatures of any of them.

Section 4.5 Regulations.

The Board of Directors shall have power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer, registration, cancellation and replacement of certificates representing stock of the Corporation or uncertificated shares, which rules and regulations shall comply in all respects with the rules and regulations of the transfer agent.

ARTICLE V

GENERAL PROVISIONS

Section 5.1 Offices.

The Corporation shall maintain a registered office in the State of Delaware as required by the laws of the State of Delaware. The Corporation may also have offices in such other places, either within or without the State of Delaware, as the Board of Directors may from time to time designate or as the business of the Corporation may require.

Section 5.2 Corporate Seal.

The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal" and "Delaware."

Section 5.3 Fiscal Year.

The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

Section 5.4 Notices and Waivers Thereof.

Whenever any notice is required by the laws of the State of Delaware, the Certificate of Incorporation or these Bylaws to be given by the Corporation to any stockholder, director or officer, such notice, except as otherwise provided by law, may be given personally, by mail, by courier service, or by electronic transmission in accordance with applicable law. Any notice given by electronic mail shall be deemed to have been given when it shall have been directed to such stockholder's, director's or officer's electronic mail address as it appears on the records of the Corporation unless, in the case of a stockholder, such stockholder has notified the Corporation in writing or by electronic transmission of an objection to receiving notice by electronic mail or such notice is prohibited by Section 232(e) of the Delaware General Corporation Law, any notice given by mail shall be deemed to have been given when deposited in the United States mail with postage thereon prepaid directed to such stockholder, director, or officer, as the case may be, at such stockholder's, director's, or officer's, as the case may be, address as it appears in the records of the Corporation, and any notice given by courier service shall be deemed to have been given on the earlier of when such notice is received or left at such stockholder's, director's or officer's, as the case may be, address as it appears in the records of the Corporation. An affidavit of the Secretary or Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given by personal delivery, by mail, by courier service, or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Whenever any notice is required to be given by law, the Certificate of Incorporation, or these Bylaws to the person entitled to such notice, a waiver thereof, in writing signed by the person, or by electronic transmission, whether before or after the meeting or the time stated therein, shall be deemed equivalent in all respects to such notice to the full extent permitted by law. If such waiver is given by electronic transmission, the electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the person waiving notice. In addition, notice of any meeting of the Board of Directors, or any committee thereof, need not be given to any director if such director shall sign the minutes of such meeting or attend the meeting, except that if such director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened, then such director shall not be deemed to have waived notice of such meeting.

Section 5.5 Saving Clause.

These Bylaws are subject to the provisions of the Certificate of Incorporation and applicable law. In the event any provision of these Bylaws is inconsistent with the Certificate of Incorporation or the corporate laws of the State of Delaware, such provision shall be invalid to the extent only of such conflict, and such conflict shall not affect the validity of any other provision of these Bylaws.

Section 5.6 Amendments.

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors, by action taken by the affirmative vote of not less than 75% of the members of the Board of Directors then in office, is hereby expressly authorized and empowered to adopt, amend or repeal any provision of the Bylaws of this Corporation.

Subject to the rights of the holders of any series of preferred stock, these Bylaws may be adopted, amended or repealed by the affirmative vote of the holders of not less than 66 $^{2}/_{3}$% of the total voting power of the then outstanding capital stock of the Corporation entitled to vote thereon; provided, however, that this paragraph shall not apply to, and no vote of the stockholders of the Corporation shall be required to authorize, the adoption, amendment or repeal of any provision of the Bylaws by the Board of Directors in accordance with the preceding paragraph.

Section 5.7 Gender/Number.

As used in these Bylaws, the masculine, feminine, or neuter gender, and the singular and plural number, shall include the other whenever the context so indicates.

Section 5.8 Electronic Transmission.

For purposes of these Bylaws:

(a) "**electronic transmission**" means any form of communication, not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases), that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such recipient through an automated process;

(b) "**electronic mail**" means an electronic transmission directed to a unique electronic mail address (which electronic mail shall be deemed to include any files attached thereto and any information hyperlinked to a website if such electronic mail includes the contact information of an officer or agent of the corporation who is available to assist with accessing such files and information); and

(c) "**electronic mail address**" means destination, commonly expressed as a string of characters, consisting of a unique user name or mailbox (commonly referred to as the "local part" of the address) and a reference to an internet domain (commonly referred to as the "domain part" of the address), whether or not displayed, to which electronic mail can be sent or delivered.

Exhibit 31.1

CERTIFICATION

I, David Rawlinson II, 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: November 7, 2024

/s/ David Rawlinson II

David Rawlinson II
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: November 7, 2024

/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 September 30, 2024 (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: November 7, 2024	/s/ DAVID RAWLINSON II
	David Rawlinson II
	President and Chief Executive Officer
Date: November 7, 2024	/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

September 30, 2024

(unaudited)

amounts in millions

Qurate Retail Net Assets	$	479
Reconciling items:		
Adjustment to reflect Cornerstone Brands, Inc. ("CBI") as an equity investment (1)		(188)
Preferred Stock liability (2)		1,272
Cash held by Qurate Retail		(275)
Other corporate net (assets) liabilities		13
Liberty LLC Net Assets	$	1,301
Qurate Retail Net Earnings	$	25
Reconciling items:		
Adjustment to reflect CBI equity method share of (earnings) loss (1)		(4)
Preferred stock dividends		76
Other corporate (earnings) loss		20
Liberty LLC Net Earnings	$	117

(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 "CBI") 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 CBI and accounts for its ownership in CBI as an equity method investment.

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